

AMENDED IN ASSEMBLY AUGUST 20, 2014

AMENDED IN SENATE MAY 27, 2014

AMENDED IN SENATE APRIL 22, 2014

**SENATE BILL**

**No. 1129**

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**Introduced by Senator Steinberg**  
**(~~Principal coauthor: Senator Corbett~~)**  
***(Principal coauthors: Senators Corbett and Liu)***  
***(Principal coauthor: Assembly Member Gatto)***

February 19, 2014

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An act to amend Sections 33130, 34167.5, 34171, 34177, 34177.5, 34178.8 34179, 34180, ~~34191.3~~, 34191.4, and 34191.5 of the Health and Safety Code, relating to redevelopment.

LEGISLATIVE COUNSEL'S DIGEST

SB 1129, as amended, Steinberg. Redevelopment: successor agencies to redevelopment agencies.

(1) Existing law dissolved redevelopment agencies and community development agencies as of February 1, 2012, and provides for the designation of successor agencies to wind down the affairs of the dissolved redevelopment agencies, subject to review by oversight boards, and to, among other things, make payments due for enforceable obligations and to perform obligations required pursuant to any enforceable obligation. Existing law requires the Department of Finance to issue a finding of completion to a successor agency upon confirmation by the county auditor-controller that specified payments have been fully made by the successor agency. Existing law prohibits a successor agency from entering into contracts with, incurring obligations or making commitments to, any entity, as specified; or from amending or modifying

existing agreements, obligations, or commitments with any entity, for any purpose. Existing law defines “enforceable obligation” for these purposes to generally exclude any agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency and the former redevelopment agency.

This bill would authorize a successor agency, if the successor agency has received a finding of completion, to enter into, or amend existing, contracts and agreements, or otherwise administer projects in connection with enforceable obligations, if the contract, agreement, or project will not commit new property tax funds or otherwise adversely affect the flow of specified tax revenues or payments to the taxing agencies, as specified. ~~This bill would authorize a successor agency, if it has received a finding of completion, to utilize the proceeds of bonds issued during the 2011 calendar year, upon the approval of the oversight board, if the board, in consultation with the relevant metropolitan planning organization determines that the use of the bond proceeds is consistent with the sustainable communities strategy adopted under law by the metropolitan planning organization.~~

The bill would specifically include within the definition of “enforceable obligation” an agreement entered into ~~between~~ by the redevelopment agency prior to June 30, 2011, if the agreement relates to state highway infrastructure improvements to which the redevelopment agency committed funds pursuant to specified law.

*(2) Existing law requires that loan agreements entered into between the redevelopment agency and the city, county, or city and county that created the redevelopment agency be deemed enforceable obligations if the oversight board makes a specific finding. Existing law requires that, if the loan is an enforceable obligation, the accumulated interest on the remaining principal amount of the loan be recalculated from origination at that interest rate earned by funds deposited into the Local Agency Investment Fund and requires the loan to be repaid in accordance with a defined schedule at an interest rate not to exceed that interest rate.*

*This bill would revise those provisions to provide that any accumulated interest on the remaining principal balance of the loan be recalculated from origination using the interest rate earned by funds deposited into the Local Agency Investment Fund in effect on the date of loan origination, and as adjusted quarterly thereafter and that the remaining balance of the loan and the accumulated interest be repaid in accordance with a defined schedule at an interest rate not to exceed*

*that interest rate as the rate is adjusted on a quarterly basis. This bill would state the Legislature's intent that these revisions be clarifying.*

(2)

(3) Existing law requires a successor agency to prepare a recognized obligation payment schedule, which sets forth the minimum payment amounts and due dates of payments required by enforceable obligations for each ~~six-month~~ 6-month fiscal period, that is required to be submitted to, and approved by, the oversight board, and submitted to other entities, including the Department of Finance. Existing law requires the Department of Finance to make its determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations no later than 45 days after the Recognized Obligation Payment Schedule is submitted.

This bill would require the rejection of an enforceable obligation from a recognized obligation payment schedule for a successor agency that has received a finding of completion from the department to be submitted to the oversight board for review and approval, and would provide that the determination of the oversight board is final and conclusive without further review by the department.

(3)

(4) Existing law provides that, if an enforceable obligation provides for an irrevocable commitment of property tax revenue and the allocation of those revenues is expected to occur over time, the successor agency may petition the Department of Finance to provide written confirmation that its determination of the enforceable obligation as approved in a Recognized Obligation Payment Schedule is final and conclusive, and reflects the department's approval of subsequent payments made pursuant to the enforceable obligation.

This bill would require the Department of Finance to provide that written confirmation within 45 days.

(4)

(5) Existing law requires a city, county, or city and county that wishes to retain any properties or other assets for future redevelopment activities, funded from its own funds and under its own auspices, to reach a compensation agreement with the other taxing entities to provide payments to them in proportion to their shares of the base property tax for the value of the property retained, as specified.

This bill would specify that these provisions do not apply to the disposition of properties pursuant to a long-range property management plan.

~~(5)~~

(6) Existing law requires the disposition of assets and properties of the former redevelopment agency as directed by the oversight board, as specified, and suspends these requirements until the Department of Finance has approved a long-range property management plan, as specified. Upon approval of a long-range property management plan, the plan governs and supersedes, all other provisions relating to the disposition and use of the real property assets of the former redevelopment agency. Existing law requires the property of a former redevelopment agency to be disposed of according to law if the department has not approved a long-range property management plan by January 1, ~~2015~~ 2016.

This bill would prohibit the department from requiring compensation agreements as part of the approval of a long-range property management plan and would specify the criteria the department may consider in approving a long-range property management plan. The bill would ~~additionally delete the requirement that the department approve a plan by January 1, 2015, and instead~~ require the department to approve long-range property management plans as expeditiously as possible. This bill would also provide that actions relating to the disposition of property after approval of a long-range property management plan do not require review by the department.

~~(6)~~

(7) Existing law requires the Controller to review the activities of redevelopment agencies in the state to determine whether an asset transfer has occurred after January 1, 2011, between the city or county, or city and county that created a redevelopment agency or any other public agency, and the redevelopment agency.

This bill would require the review to be completed no later than January 1, 2016.

~~(7) Existing law requires the Controller to review the activities of successor agencies in the state to determine if an asset transfer has occurred after January 31, 2012, between the successor agency and the city, county, or city and county that created a redevelopment agency, or any other public agency, that was not made pursuant to an enforceable obligation on an approved and valid recognized obligation payment schedule.~~

~~This bill would require the review to be completed no later than January 1, 2016.~~

(8) Existing law prohibits an agency or community officer or employee who is required to participate in the formulation of, or to approve plans or policies for, the redevelopment of a project area from acquiring any interest in any property included within a project area within the community.

This bill would provide that an agency or community officer or employee is not prohibited from acquiring an interest in property within a former redevelopment project area of a dissolved redevelopment agency, as specified.

(9) *Existing law requires each successor agency to have an oversight board composed of 7 members and requires each member to be appointed by a specified authority.*

*This bill would allow each appointing authority to appoint an alternate representative to serve on the oversight board as may be necessary. This bill would provide that the alternative representative has the same participatory and voting rights as all other attending members of the oversight board, and would require the successor agency to promptly notify the Department of Finance regarding the appointment of any alternate representative.*

(10) *This bill would incorporate additional changes to Section 34177 of the Health and Safety Code proposed by AB 1582 that would become operative only if this bill and AB 1582 are both chaptered and this bill is chaptered last.*

(11) *This bill would incorporate additional changes to Section 34180 of the Health and Safety Code proposed by SB 1404 that would become operative only if this bill and SB 1404 are both chaptered and this bill is chaptered last.*

(12) *This bill would incorporate additional changes to Section 34191.4 of the Health and Safety Code proposed by AB 2493 that would become operative only if this bill and AB 2493 are both chaptered and this bill is chaptered last.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 33130 of the Health and Safety Code is
- 2 amended to read:
- 3 33130. (a) No agency or community officer or employee who
- 4 in the course of his or her duties is required to participate in the

1 formulation of, or to approve plans or policies for, the  
2 redevelopment of a project area shall acquire any interest in any  
3 property included within a project area within the community. If  
4 any such officer or employee owns or has any direct or indirect  
5 financial interest in property included within a project area, that  
6 officer or employee shall immediately make a written disclosure  
7 of that financial interest to the agency and the legislative body and  
8 the disclosure shall be entered on the minutes of the agency and  
9 the legislative body. Failure to make the disclosure required by  
10 this subdivision constitutes misconduct in office.

11 (b) Subdivision (a) does not prohibit any agency or community  
12 officer or employee from acquiring an interest in property within  
13 a former redevelopment project area of a redevelopment agency  
14 dissolved pursuant to Part 1.85 (commencing with Section 34170).

15 (c) Subdivision (a) does not prohibit any agency or community  
16 officer or employee from acquiring an interest in property within  
17 the project area for the purpose of participating as an owner or  
18 reentering into business pursuant to this part if that officer or  
19 employee has owned a substantially equal interest as that being  
20 acquired for the three years immediately preceding the selection  
21 of the project area.

22 (d) A rental agreement or lease of property which meets all of  
23 the following conditions is not an interest in property for purposes  
24 of subdivision (a):

25 (1) The rental or lease agreement contains terms that are  
26 substantially equivalent to the terms of a rental or lease agreement  
27 available to any member of the general public for comparable  
28 property in the project area.

29 (2) The rental or lease agreement includes a provision which  
30 prohibits any subletting, sublease, or other assignment at a rate in  
31 excess of the rate in the original rental or lease agreement.

32 (3) The property which is subject to the rental or lease agreement  
33 is used in the pursuit of the principal business, occupation, or  
34 profession of the officer or employee.

35 (4) The agency or community officer or employee who obtains  
36 the rental or lease agreement immediately makes a written  
37 disclosure of that fact to the agency and the legislative body.

38 SEC. 2. Section 34167.5 of the Health and Safety Code is  
39 amended to read:

34167.5. Commencing on the effective date of the act adding this part, the Controller shall review the activities of redevelopment agencies in the state to determine whether an asset transfer has occurred after January 1, 2011, between the city or county, or city and county that created a redevelopment agency or any other public agency, and the redevelopment agency. The review required by this section shall be completed no later than January 1, 2016. If such an asset transfer did occur during that period and the government agency that received the assets is not contractually committed to a third party for the expenditure or encumbrance of those assets, to the extent not prohibited by state and federal law, the Controller shall order the available assets to be returned to the redevelopment agency or, on or after October 1, 2011, to the successor agency, if a successor agency is established pursuant to Part 1.85 (commencing with Section 34170). Upon receiving that order from the Controller, an affected local agency shall, as soon as practicable, reverse the transfer and return the applicable assets to the redevelopment agency or, on or after October 1, 2011, to the successor agency, if a successor agency is established pursuant to Part 1.85 (commencing with Section 34170). The Legislature hereby finds that a transfer of assets by a redevelopment agency during the period covered in this section is deemed not to be in the furtherance of the Community Redevelopment Law and is thereby unauthorized.

SEC. 3. Section 34171 of the Health and Safety Code is amended to read:

34171. The following terms shall have the following meanings:

(a) "Administrative budget" means the budget for administrative costs of the successor agencies as provided in Section 34177.

(b) "Administrative cost allowance" means an amount that, subject to the approval of the oversight board, is payable from property tax revenues of up to 5 percent of the property tax allocated to the successor agency on the Recognized Obligation Payment Schedule covering the period January 1, 2012, through June 30, 2012, and up to 3 percent of the property tax allocated to the Redevelopment Obligation Retirement Fund money that is allocated to the successor agency for each fiscal year thereafter; provided, however, that the amount shall not be less than two hundred fifty thousand dollars (\$250,000), unless the oversight board reduces this amount, for any fiscal year or such lesser amount

1 as agreed to by the successor agency. However, the allowance  
2 amount shall exclude, and shall not apply to, any administrative  
3 costs that can be paid from bond proceeds or from sources other  
4 than property tax. Administrative cost allowances shall exclude  
5 any litigation expenses related to assets or obligations, settlements  
6 and judgments, and the costs of maintaining assets prior to  
7 disposition. Employee costs associated with work on specific  
8 project implementation activities, including, but not limited to,  
9 construction inspection, project management, or actual  
10 construction, shall be considered project-specific costs and shall  
11 not constitute administrative costs.

12 (c) “Designated local authority” shall mean a public entity  
13 formed pursuant to subdivision (d) of Section 34173.

14 (d) (1) “Enforceable obligation” means any of the following:

15 (A) Bonds, as defined by Section 33602 and bonds issued  
16 pursuant to Chapter 10.5 (commencing with Section 5850) of  
17 Division 6 of Title 1 of the Government Code, including the  
18 required debt service, reserve set-asides, and any other payments  
19 required under the indenture or similar documents governing the  
20 issuance of the outstanding bonds of the former redevelopment  
21 agency. A reserve may be held when required by the bond  
22 indenture or when the next property tax allocation will be  
23 insufficient to pay all obligations due under the provisions of the  
24 bond for the next payment due in the following half of the calendar  
25 year.

26 (B) Loans of moneys borrowed by the redevelopment agency  
27 for a lawful purpose, to the extent they are legally required to be  
28 repaid pursuant to a required repayment schedule or other  
29 mandatory loan terms.

30 (C) Payments required by the federal government, preexisting  
31 obligations to the state or obligations imposed by state law, other  
32 than passthrough payments that are made by the county  
33 auditor-controller pursuant to Section 34183, or legally enforceable  
34 payments required in connection with the agencies’ employees,  
35 including, but not limited to, pension payments, pension obligation  
36 debt service, unemployment payments, or other obligations  
37 conferred through a collective bargaining agreement. Costs incurred  
38 to fulfill collective bargaining agreements for layoffs or  
39 terminations of city employees who performed work directly on  
40 behalf of the former redevelopment agency shall be considered



1 enforceable obligations payable from property tax funds. The  
2 obligations to employees specified in this subparagraph shall  
3 remain enforceable obligations payable from property tax funds  
4 for any employee to whom those obligations apply if that employee  
5 is transferred to the entity assuming the housing functions of the  
6 former redevelopment agency pursuant to Section 34176. The  
7 successor agency or designated local authority shall enter into an  
8 agreement with the housing entity to reimburse it for any costs of  
9 the employee obligations.

10 (D) Judgments or settlements entered by a competent court of  
11 law or binding arbitration decisions against the former  
12 redevelopment agency, other than passthrough payments that are  
13 made by the county auditor-controller pursuant to Section 34183.  
14 Along with the successor agency, the oversight board shall have  
15 the authority and standing to appeal any judgment or to set aside  
16 any settlement or arbitration decision.

17 (E) Any legally binding and enforceable agreement or contract  
18 that is not otherwise void as violating the debt limit or public  
19 policy. However, nothing in this act shall prohibit either the  
20 successor agency, with the approval or at the direction of the  
21 oversight board, or the oversight board itself from terminating any  
22 existing agreements or contracts and providing any necessary and  
23 required compensation or remediation for such termination. Titles  
24 of or headings used on or in a document shall not be relevant in  
25 determining the existence of an enforceable obligation.

26 (F) Contracts or agreements necessary for the administration or  
27 operation of the successor agency, in accordance with this part,  
28 including, but not limited to, agreements concerning litigation  
29 expenses related to assets or obligations, settlements and  
30 judgments, and the costs of maintaining assets prior to disposition,  
31 and agreements to purchase or rent office space, equipment and  
32 supplies, and pay-related expenses pursuant to Section 33127 and  
33 for carrying insurance pursuant to Section 33134.

34 (G) Amounts borrowed from, or payments owing to, the Low  
35 and Moderate Income Housing Fund of a redevelopment agency,  
36 which had been deferred as of the effective date of the act adding  
37 this part; provided, however, that the repayment schedule is  
38 approved by the oversight board. Repayments shall be transferred  
39 to the Low and Moderate Income Housing Asset Fund established  
40 pursuant to subdivision (d) of Section 34176 as a housing asset

1 and shall be used in a manner consistent with the affordable  
2 housing requirements of the Community Redevelopment Law (Part  
3 1 (commencing with Section 33000)).

4 (2) For purposes of this part, “enforceable obligation” does not  
5 include any agreements, contracts, or arrangements between the  
6 city, county, or city and county that created the redevelopment  
7 agency and the former redevelopment agency. However, written  
8 agreements entered into (A) at the time of issuance, but in no event  
9 later than December 31, 2010, of indebtedness obligations, and  
10 (B) solely for the purpose of securing or repaying those  
11 indebtedness obligations may be deemed enforceable obligations  
12 for purposes of this part. Notwithstanding this paragraph, loan  
13 agreements entered into between the redevelopment agency and  
14 the city, county, or city and county that created it, within two years  
15 of the date of creation of the redevelopment agency, may be  
16 deemed to be enforceable obligations. Notwithstanding this  
17 paragraph, an agreement entered into ~~between~~ by the redevelopment  
18 agency prior to June 30, 2011, is an enforceable obligation if the  
19 agreement relates to state highway infrastructure improvements  
20 to which the redevelopment agency committed funds pursuant to  
21 Section 33445.

22 (3) Contracts or agreements between the former redevelopment  
23 agency and other public agencies, to perform services or provide  
24 funding for governmental or private services or capital projects  
25 outside of redevelopment project areas that do not provide benefit  
26 to the redevelopment project and thus were not properly authorized  
27 under Part 1 (commencing with Section 33000) shall be deemed  
28 void on the effective date of this part; provided, however, that such  
29 contracts or agreements for the provision of housing properly  
30 authorized under Part 1 (commencing with Section 33000) shall  
31 not be deemed void.

32 (e) “Indebtedness obligations” means bonds, notes, certificates  
33 of participation, or other evidence of indebtedness, issued or  
34 delivered by the redevelopment agency, or by a joint exercise of  
35 powers authority created by the redevelopment agency, to  
36 third-party investors or bondholders to finance or refinance  
37 redevelopment projects undertaken by the redevelopment agency  
38 in compliance with the Community Redevelopment Law (Part 1  
39 (commencing with Section 33000)).

1 (f) “Oversight board” shall mean each entity established pursuant  
2 to Section 34179.

3 (g) “Recognized obligation” means an obligation listed in the  
4 Recognized Obligation Payment Schedule.

5 (h) “Recognized Obligation Payment Schedule” means the  
6 document setting forth the minimum payment amounts and due  
7 dates of payments required by enforceable obligations for each  
8 six-month fiscal period as provided in subdivision (m) of Section  
9 34177.

10 (i) “School entity” means any entity defined as such in  
11 subdivision (f) of Section 95 of the Revenue and Taxation Code.

12 (j) “Successor agency” means the successor entity to the former  
13 redevelopment agency as described in Section 34173.

14 (k) “Taxing entities” means cities, counties, a city and county,  
15 special districts, and school entities, as defined in subdivision (f)  
16 of Section 95 of the Revenue and Taxation Code, that receive  
17 passthrough payments and distributions of property taxes pursuant  
18 to the provisions of this part.

19 (l) “Property taxes” include all property tax revenues, including  
20 those from unitary and supplemental and roll corrections applicable  
21 to tax increment.

22 (m) “Department” means the Department of Finance unless the  
23 context clearly refers to another state agency.

24 (n) “Sponsoring entity” means the city, county, or city and  
25 county, or other entity that authorized the creation of each  
26 redevelopment agency.

27 (o) “Final judicial determination” means a final judicial  
28 determination made by any state court that is not appealed, or by  
29 a court of appellate jurisdiction that is not further appealed, in an  
30 action by any party.

31 (p) From July 1, 2014, to July 1, 2018, inclusive, “housing entity  
32 administrative cost allowance” means an amount of up to 1 percent  
33 of the property tax allocated to the Redevelopment Obligation  
34 Retirement Fund on behalf of the successor agency for each  
35 applicable fiscal year, but not less than one hundred fifty thousand  
36 dollars (\$150,000) per fiscal year.

37 (1) If a local housing authority assumed the housing functions  
38 of the former redevelopment agency pursuant to paragraph (2) or  
39 (3) of subdivision (b) of Section 34176, then the housing entity  
40 administrative cost allowance shall be listed by the successor

1 agency on the Recognized Obligation Payment Schedule. Upon  
2 approval of the Recognized Obligation Payment Schedule by the  
3 oversight board and the department, the housing entity  
4 administrative cost allowance shall be remitted by the successor  
5 agency on each January 2 and July 1 to the local housing authority  
6 that assumed the housing functions of the former redevelopment  
7 agency pursuant to paragraph (2) or (3) of subdivision (b) of  
8 Section 34176.

9 (2) If there are insufficient moneys in the Redevelopment  
10 Obligations Retirement Fund in a given fiscal year to make the  
11 payment authorized by this subdivision, the unfunded amount may  
12 be listed on each subsequent Recognized Obligation Payment  
13 Schedule until it has been paid in full. In these cases the five-year  
14 time limit on the payments shall not apply.

15 SEC. 4. Section 34177 of the Health and Safety Code is  
16 amended to read:

17 34177. Successor agencies are required to do all of the  
18 following:

19 (a) Continue to make payments due for enforceable obligations.

20 (1) On and after February 1, 2012, and until a Recognized  
21 Obligation Payment Schedule becomes operative, only payments  
22 required pursuant to an enforceable obligations payment schedule  
23 shall be made. The initial enforceable obligation payment schedule  
24 shall be the last schedule adopted by the redevelopment agency  
25 under Section 34169. However, payments associated with  
26 obligations excluded from the definition of enforceable obligations  
27 by paragraph (2) of subdivision (d) of Section 34171 shall be  
28 excluded from the enforceable obligations payment schedule and  
29 be removed from the last schedule adopted by the redevelopment  
30 agency under Section 34169 prior to the successor agency adopting  
31 it as its enforceable obligations payment schedule pursuant to this  
32 subdivision. The enforceable obligation payment schedule may  
33 be amended by the successor agency at any public meeting and  
34 shall be subject to the approval of the oversight board as soon as  
35 the board has sufficient members to form a quorum. In recognition  
36 of the fact that the timing of the California Supreme Court's ruling  
37 in the case California Redevelopment Association v. Matosantos  
38 (2011) 53 Cal.4th 231 delayed the preparation by successor  
39 agencies and the approval by oversight boards of the January 1,  
40 2012, through June 30, 2012, Recognized Obligation Payment

1 Schedule, a successor agency may amend the Enforceable  
2 Obligation Payment Schedule to authorize the continued payment  
3 of enforceable obligations until the time that the January 1, 2012,  
4 through June 30, 2012, Recognized Obligation Payment Schedule  
5 has been approved by the oversight board and by the Department  
6 of Finance. The successor agency may utilize reasonable estimates  
7 and projections to support payment amounts for enforceable  
8 obligations if the successor agency submits appropriate supporting  
9 documentation of the basis for the estimate or projection to the  
10 Department of Finance and the auditor-controller.

11 (2) The Department of Finance and the Controller shall each  
12 have the authority to require any documents associated with the  
13 enforceable obligations to be provided to them in a manner of their  
14 choosing. Any taxing entity, the department, and the Controller  
15 shall each have standing to file a judicial action to prevent a  
16 violation under this part and to obtain injunctive or other  
17 appropriate relief.

18 (3) Commencing on the date the Recognized Obligation Payment  
19 Schedule is valid pursuant to subdivision (1), only those payments  
20 listed in the Recognized Obligation Payment Schedule may be  
21 made by the successor agency from the funds specified in the  
22 Recognized Obligation Payment Schedule. In addition, after it  
23 becomes valid, the Recognized Obligation Payment Schedule shall  
24 supersede the Statement of Indebtedness, which shall no longer  
25 be prepared nor have any effect under the Community  
26 Redevelopment Law (Part 1 (commencing with Section 33000)).

27 (4) Nothing in the act adding this part is to be construed as  
28 preventing a successor agency, with the prior approval of the  
29 oversight board, as described in Section 34179, from making  
30 payments for enforceable obligations from sources other than those  
31 listed in the Recognized Obligation Payment Schedule.

32 (5) From February 1, 2012, to July 1, 2012, a successor agency  
33 shall have no authority and is hereby prohibited from accelerating  
34 payment or making any lump-sum payments that are intended to  
35 prepay loans unless such accelerated repayments were required  
36 prior to the effective date of this part.

37 (b) Maintain reserves in the amount required by indentures,  
38 trust indentures, or similar documents governing the issuance of  
39 outstanding redevelopment agency bonds.

1 (c) Perform obligations required pursuant to any enforceable  
2 obligation.

3 (d) Remit unencumbered balances of redevelopment agency  
4 funds to the county auditor-controller for distribution to the taxing  
5 entities, including, but not limited to, the unencumbered balance  
6 of the Low and Moderate Income Housing Fund of a former  
7 redevelopment agency. In making the distribution, the county  
8 auditor-controller shall utilize the same methodology for allocation  
9 and distribution of property tax revenues provided in Section  
10 34188.

11 (e) Dispose of assets and properties of the former redevelopment  
12 agency as directed by the oversight board; provided, however, that  
13 the oversight board may instead direct the successor agency to  
14 transfer ownership of certain assets pursuant to subdivision (a) of  
15 Section 34181. The disposal is to be done expeditiously and in a  
16 manner aimed at maximizing value. Proceeds from asset sales and  
17 related funds that are no longer needed for approved development  
18 projects or to otherwise wind down the affairs of the agency, each  
19 as determined by the oversight board, shall be transferred to the  
20 county auditor-controller for distribution as property tax proceeds  
21 under Section 34188. The requirements of this subdivision shall  
22 not apply to a successor agency that has been issued a finding of  
23 completion by the Department of Finance pursuant to Section  
24 34179.7.

25 (f) Enforce all former redevelopment agency rights for the  
26 benefit of the taxing entities, including, but not limited to,  
27 continuing to collect loans, rents, and other revenues that were due  
28 to the redevelopment agency.

29 (g) Effectuate transfer of housing functions and assets to the  
30 appropriate entity designated pursuant to Section 34176.

31 (h) Expeditiously wind down the affairs of the redevelopment  
32 agency pursuant to the provisions of this part and in accordance  
33 with the direction of the oversight board.

34 (i) Continue to oversee development of properties until the  
35 contracted work has been completed or the contractual obligations  
36 of the former redevelopment agency can be transferred to other  
37 parties. Bond proceeds shall be used for the purposes for which  
38 bonds were sold unless the purposes can no longer be achieved,  
39 in which case, the proceeds may be used to defease the bonds.

1 (j) Prepare a proposed administrative budget and submit it to  
2 the oversight board for its approval. The proposed administrative  
3 budget shall include all of the following:

4 (1) Estimated amounts for successor agency administrative costs  
5 for the upcoming six-month fiscal period.

6 (2) Proposed sources of payment for the costs identified in  
7 paragraph (1).

8 (3) Proposals for arrangements for administrative and operations  
9 services provided by a city, county, city and county, or other entity.

10 (k) Provide administrative cost estimates, from its approved  
11 administrative budget that are to be paid from property tax revenues  
12 deposited in the Redevelopment Property Tax Trust Fund, to the  
13 county auditor-controller for each six-month fiscal period.

14 (l) (1) Before each six-month fiscal period, prepare a  
15 Recognized Obligation Payment Schedule in accordance with the  
16 requirements of this paragraph. For each recognized obligation,  
17 the Recognized Obligation Payment Schedule shall identify one  
18 or more of the following sources of payment:

19 (A) Low and Moderate Income Housing Fund.

20 (B) Bond proceeds.

21 (C) Reserve balances.

22 (D) Administrative cost allowance.

23 (E) The Redevelopment Property Tax Trust Fund, but only to  
24 the extent no other funding source is available or when payment  
25 from property tax revenues is required by an enforceable obligation  
26 or by the provisions of this part.

27 (F) Other revenue sources, including rents, concessions, asset  
28 sale proceeds, interest earnings, and any other revenues derived  
29 from the former redevelopment agency, as approved by the  
30 oversight board in accordance with this part.

31 (2) A Recognized Obligation Payment Schedule shall not be  
32 deemed valid unless all of the following conditions have been met:

33 (A) A Recognized Obligation Payment Schedule is prepared  
34 by the successor agency for the enforceable obligations of the  
35 former redevelopment agency. The initial schedule shall project  
36 the dates and amounts of scheduled payments for each enforceable  
37 obligation for the remainder of the time period during which the  
38 redevelopment agency would have been authorized to obligate  
39 property tax increment had the a redevelopment agency not been  
40 dissolved.

1 (B) The Recognized Obligation Payment Schedule is submitted  
2 to and duly approved by the oversight board. The successor agency  
3 shall submit a copy of the Recognized Obligation Payment  
4 Schedule to the county administrative officer, the county  
5 auditor-controller, and the Department of Finance at the same time  
6 that the successor agency submits the Recognized Obligation  
7 Payment Schedule to the oversight board for approval.

8 (C) A copy of the approved Recognized Obligation Payment  
9 Schedule is submitted to the county auditor-controller, the  
10 Controller's office, and the Department of Finance, and is posted  
11 on the successor agency's Internet Web site.

12 (3) The Recognized Obligation Payment Schedule shall be  
13 forward looking to the next six months. The first Recognized  
14 Obligation Payment Schedule shall be submitted to the Controller's  
15 office and the Department of Finance by April 15, 2012, for the  
16 period of January 1, 2012, to June 30, 2012, inclusive. This  
17 Recognized Obligation Payment Schedule shall include all  
18 payments made by the former redevelopment agency between  
19 January 1, 2012, through January 31, 2012, and shall include all  
20 payments proposed to be made by the successor agency from  
21 February 1, 2012, through June 30, 2012. Former redevelopment  
22 agency enforceable obligation payments due, and reasonable or  
23 necessary administrative costs due or incurred, prior to January 1,  
24 2012, shall be made from property tax revenues received in the  
25 spring of 2011 property tax distribution, and from other revenues  
26 and balances transferred to the successor agency.

27 (m) The Recognized Obligation Payment Schedule for the period  
28 of January 1, 2013, to June 30, 2013, shall be submitted by the  
29 successor agency, after approval by the oversight board, no later  
30 than September 1, 2012. Commencing with the Recognized  
31 Obligation Payment Schedule covering the period July 1, 2013,  
32 through December 31, 2013, successor agencies shall submit an  
33 oversight board-approved Recognized Obligation Payment  
34 Schedule to the Department of Finance and to the county  
35 auditor-controller no fewer than 90 days before the date of property  
36 tax distribution. The Department of Finance shall make its  
37 determination of the enforceable obligations and the amounts and  
38 funding sources of the enforceable obligations no later than 45  
39 days after the Recognized Obligation Payment Schedule is  
40 submitted. Within five business days of the department's



determination, a successor agency may request additional review by the department and an opportunity to meet and confer on disputed items. The meet and confer period may vary; an untimely submittal of a Recognized Obligation Payment Schedule may result in a meet and confer period of less than 30 days. The department shall notify the successor agency and the county auditor-controllers as to the outcome of its review at least 15 days before the date of property tax distribution.

(1) The successor agency shall submit a copy of the Recognized Obligation Payment Schedule to the Department of Finance electronically, and the successor agency shall complete the Recognized Obligation Payment Schedule in the manner provided for by the department. A successor agency shall be in noncompliance with this paragraph if it only submits to the department an electronic message or a letter stating that the oversight board has approved a Recognized Obligation Payment Schedule.

(2) If a successor agency does not submit a Recognized Obligation Payment Schedule by the deadlines provided in this subdivision, the city, county, or city and county that created the redevelopment agency shall be subject to a civil penalty equal to ten thousand dollars (\$10,000) per day for every day the schedule is not submitted to the department. The civil penalty shall be paid to the county auditor-controller for allocation to the taxing entities under Section 34183. If a successor agency fails to submit a Recognized Obligation Payment Schedule by the deadline, any creditor of the successor agency or the Department of Finance or any affected taxing entity shall have standing to and may request a writ of mandate to require the successor agency to immediately perform this duty. Those actions may be filed only in the County of Sacramento and shall have priority over other civil matters. Additionally, if an agency does not submit a Recognized Obligation Payment Schedule within 10 days of the deadline, the maximum administrative cost allowance for that period shall be reduced by 25 percent.

(3) If a successor agency fails to submit to the department an oversight board-approved Recognized Obligation Payment Schedule that complies with all requirements of this subdivision within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount

1 of property tax allocations, the department may determine if any  
2 amount should be withheld by the county auditor-controller for  
3 payments for enforceable obligations from distribution to taxing  
4 entities, pending approval of a Recognized Obligation Payment  
5 Schedule. The county auditor-controller shall distribute the portion  
6 of any of the sums withheld pursuant to this paragraph to the  
7 affected taxing entities in accordance with paragraph (4) of  
8 subdivision (a) of Section 34183 upon notice by the department  
9 that a portion of the withheld balances are in excess of the amount  
10 of enforceable obligations. The county auditor-controller shall  
11 distribute withheld funds to the successor agency only in  
12 accordance with a Recognized Obligation Payment Schedule  
13 approved by the department. County auditor-controllers shall lack  
14 the authority to withhold any other amounts from the allocations  
15 provided for under Section 34183 or 34188 unless required by a  
16 court order.

17 (4) (A) The Recognized Obligation Payment Schedule payments  
18 required pursuant to this subdivision may be scheduled beyond  
19 the existing Recognized Obligation Payment Schedule cycle upon  
20 a showing that a lender requires cash on hand beyond the  
21 Recognized Obligation Payment Schedule cycle.

22 (B) When a payment is shown to be due during the Recognized  
23 Obligation Payment Schedule period, but an invoice or other billing  
24 document has not yet been received, the successor agency may  
25 utilize reasonable estimates and projections to support payment  
26 amounts for enforceable obligations if the successor agency submits  
27 appropriate supporting documentation of the basis for the estimate  
28 or projection to the department and the auditor-controller.

29 (C) A Recognized Obligation Payment Schedule may also  
30 include appropriation of moneys from bonds subject to passage  
31 during the Recognized Obligation Payment Schedule cycle when  
32 an enforceable obligation requires the agency to issue the bonds  
33 and use the proceeds to pay for project expenditures.

34 (5) Prior to the rejection of an enforceable obligation from a  
35 recognized obligation payment schedule for a successor agency  
36 that has received a finding of completion from the Department of  
37 Finance under Section 34179.7, the Department of Finance shall  
38 submit the proposed rejection to the oversight board for review  
39 and approval, whose determination shall be final and conclusive  
40 without further review by the Department of Finance.

1 (n) Cause a postaudit of the financial transactions and records  
2 of the successor agency to be made at least annually by a certified  
3 public accountant.

4 *SEC. 4.5. Section 34177 of the Health and Safety Code is*  
5 *amended to read:*

6 34177. Successor agencies are required to do all of the  
7 following:

8 (a) Continue to make payments due for enforceable obligations.

9 (1) On and after February 1, 2012, and until a Recognized  
10 Obligation Payment Schedule becomes operative, only payments  
11 required pursuant to an enforceable obligations payment schedule  
12 shall be made. The initial enforceable obligation payment schedule  
13 shall be the last schedule adopted by the redevelopment agency  
14 under Section 34169. However, payments associated with  
15 obligations excluded from the definition of enforceable obligations  
16 by paragraph (2) of subdivision (d) of Section 34171 shall be  
17 excluded from the enforceable obligations payment schedule and  
18 be removed from the last schedule adopted by the redevelopment  
19 agency under Section 34169 prior to the successor agency adopting  
20 it as its enforceable obligations payment schedule pursuant to this  
21 subdivision. The enforceable obligation payment schedule may  
22 be amended by the successor agency at any public meeting and  
23 shall be subject to the approval of the oversight board as soon as  
24 the board has sufficient members to form a quorum. In recognition  
25 of the fact that the timing of the California Supreme Court's ruling  
26 in the case California Redevelopment Association v. Matosantos  
27 (2011) 53 Cal.4th 231 delayed the preparation by successor  
28 agencies and the approval by oversight boards of the January 1,  
29 2012, through June 30, 2012, Recognized Obligation Payment  
30 Schedule, a successor agency may amend the Enforceable  
31 Obligation Payment Schedule to authorize the continued payment  
32 of enforceable obligations until the time that the January 1, 2012,  
33 through June 30, 2012, Recognized Obligation Payment Schedule  
34 has been approved by the oversight board and by the Department  
35 of Finance. The successor agency may utilize reasonable estimates  
36 and projections to support payment amounts for enforceable  
37 obligations if the successor agency submits appropriate supporting  
38 documentation of the basis for the estimate or projection to the  
39 Department of Finance and the auditor-controller.

1 (2) The Department of Finance and the Controller shall each  
2 have the authority to require any documents associated with the  
3 enforceable obligations to be provided to them in a manner of their  
4 choosing. Any taxing entity, the department, and the Controller  
5 shall each have standing to file a judicial action to prevent a  
6 violation under this part and to obtain injunctive or other  
7 appropriate relief.

8 (3) Commencing on the date the Recognized Obligation Payment  
9 Schedule is valid pursuant to subdivision (I), only those payments  
10 listed in the Recognized Obligation Payment Schedule may be  
11 made by the successor agency from the funds specified in the  
12 Recognized Obligation Payment Schedule. In addition, after it  
13 becomes valid, the Recognized Obligation Payment Schedule shall  
14 supersede the Statement of Indebtedness, which shall no longer  
15 be prepared nor have any effect under the Community  
16 Redevelopment Law (Part 1 (commencing with Section 33000)).

17 (4) Nothing in the act adding this part is to be construed as  
18 preventing a successor agency, with the prior approval of the  
19 oversight board, as described in Section 34179, from making  
20 payments for enforceable obligations from sources other than those  
21 listed in the Recognized Obligation Payment Schedule.

22 (5) From February 1, 2012, to July 1, 2012, a successor agency  
23 shall have no authority and is hereby prohibited from accelerating  
24 payment or making any lump-sum payments that are intended to  
25 prepay loans unless such accelerated repayments were required  
26 prior to the effective date of this part.

27 (b) Maintain reserves in the amount required by indentures,  
28 trust indentures, or similar documents governing the issuance of  
29 outstanding redevelopment agency bonds.

30 (c) Perform obligations required pursuant to any enforceable  
31 obligation.

32 (d) Remit unencumbered balances of redevelopment agency  
33 funds to the county auditor-controller for distribution to the taxing  
34 entities, including, but not limited to, the unencumbered balance  
35 of the Low and Moderate Income Housing Fund of a former  
36 redevelopment agency. In making the distribution, the county  
37 auditor-controller shall utilize the same methodology for allocation  
38 and distribution of property tax revenues provided in Section  
39 34188.

1 (e) Dispose of assets and properties of the former redevelopment  
2 agency as directed by the oversight board; provided, however, that  
3 the oversight board may instead direct the successor agency to  
4 transfer ownership of certain assets pursuant to subdivision (a) of  
5 Section 34181. The disposal is to be done expeditiously and in a  
6 manner aimed at maximizing value. Proceeds from asset sales and  
7 related funds that are no longer needed for approved development  
8 projects or to otherwise wind down the affairs of the agency, each  
9 as determined by the oversight board, shall be transferred to the  
10 county auditor-controller for distribution as property tax proceeds  
11 under Section 34188. The requirements of this subdivision shall  
12 not apply to a successor agency that has been issued a finding of  
13 completion by the Department of Finance pursuant to Section  
14 34179.7.

15 (f) Enforce all former redevelopment agency rights for the  
16 benefit of the taxing entities, including, but not limited to,  
17 continuing to collect loans, rents, and other revenues that were due  
18 to the redevelopment agency.

19 (g) Effectuate transfer of housing functions and assets to the  
20 appropriate entity designated pursuant to Section 34176.

21 (h) Expeditiously wind down the affairs of the redevelopment  
22 agency pursuant to the provisions of this part and in accordance  
23 with the direction of the oversight board.

24 (i) Continue to oversee development of properties until the  
25 contracted work has been completed or the contractual obligations  
26 of the former redevelopment agency can be transferred to other  
27 parties. Bond proceeds shall be used for the purposes for which  
28 bonds were sold unless the purposes can no longer be achieved,  
29 in which case, the proceeds may be used to defease the bonds.

30 (j) Prepare a proposed administrative budget and submit it to  
31 the oversight board for its approval. The proposed administrative  
32 budget shall include all of the following:

33 (1) Estimated amounts for successor agency administrative costs  
34 for the upcoming six-month fiscal period.

35 (2) Proposed sources of payment for the costs identified in  
36 paragraph (1).

37 (3) Proposals for arrangements for administrative and operations  
38 services provided by a city, county, city and county, or other entity.

39 (k) Provide administrative cost estimates, from its approved  
40 administrative budget that are to be paid from property tax revenues

1 deposited in the Redevelopment Property Tax Trust Fund, to the  
2 county auditor-controller for each six-month fiscal period.

3 (l) (1) Before each six-month fiscal period, prepare a  
4 Recognized Obligation Payment Schedule in accordance with the  
5 requirements of this paragraph. For each recognized obligation,  
6 the Recognized Obligation Payment Schedule shall identify one  
7 or more of the following sources of payment:

8 (A) Low and Moderate Income Housing Fund.

9 (B) Bond proceeds.

10 (C) Reserve balances.

11 (D) Administrative cost allowance.

12 (E) The Redevelopment Property Tax Trust Fund, but only to  
13 the extent no other funding source is available or when payment  
14 from property tax revenues is required by an enforceable obligation  
15 or by the provisions of this part.

16 (F) Other revenue sources, including rents, concessions, asset  
17 sale proceeds, interest earnings, and any other revenues derived  
18 from the former redevelopment agency, as approved by the  
19 oversight board in accordance with this part.

20 (2) A Recognized Obligation Payment Schedule shall not be  
21 deemed valid unless all of the following conditions have been met:

22 (A) A Recognized Obligation Payment Schedule is prepared  
23 by the successor agency for the enforceable obligations of the  
24 former redevelopment agency. The initial schedule shall project  
25 the dates and amounts of scheduled payments for each enforceable  
26 obligation for the remainder of the time period during which the  
27 redevelopment agency would have been authorized to obligate  
28 property tax increment had the a redevelopment agency not been  
29 dissolved.

30 (B) The Recognized Obligation Payment Schedule is submitted  
31 to and duly approved by the oversight board. The successor agency  
32 shall submit a copy of the Recognized Obligation Payment  
33 Schedule to the county administrative officer, the county  
34 auditor-controller, and the Department of Finance at the same time  
35 that the successor agency submits the Recognized Obligation  
36 Payment Schedule to the oversight board for approval.

37 (C) A copy of the approved Recognized Obligation Payment  
38 Schedule is submitted to the county auditor-controller, the  
39 Controller's office, and the Department of Finance, and is posted  
40 on the successor agency's Internet Web site.

(3) The Recognized Obligation Payment Schedule shall be forward looking to the next six months. The first Recognized Obligation Payment Schedule shall be submitted to the Controller's office and the Department of Finance by April 15, 2012, for the period of January 1, 2012, to June 30, 2012, inclusive. This Recognized Obligation Payment Schedule shall include all payments made by the former redevelopment agency between January 1, 2012, through January 31, 2012, and shall include all payments proposed to be made by the successor agency from February 1, 2012, through June 30, 2012. Former redevelopment agency enforceable obligation payments due, and reasonable or necessary administrative costs due or incurred, prior to January 1, 2012, shall be made from property tax revenues received in the spring of 2011 property tax distribution, and from other revenues and balances transferred to the successor agency.

(m) The Recognized Obligation Payment Schedule for the period of January 1, 2013, to June 30, 2013, shall be submitted by the successor agency, after approval by the oversight board, no later than September 1, 2012. Commencing with the Recognized Obligation Payment Schedule covering the period July 1, 2013, through December 31, 2013, successor agencies shall submit an oversight board-approved Recognized Obligation Payment Schedule to the Department of Finance and to the county auditor-controller no fewer than 90 days before the date of property tax distribution. The Department of Finance shall make its determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations no later than 45 days after the Recognized Obligation Payment Schedule is submitted. Within five business days of the department's determination, a successor agency may request additional review by the department and an opportunity to meet and confer on disputed items. The meet and confer period may vary; an untimely submittal of a Recognized Obligation Payment Schedule may result in a meet and confer period of less than 30 days. The department shall notify the successor agency and the county auditor-controllers as to the outcome of its review at least 15 days before the date of property tax distribution.

(1) The successor agency shall submit a copy of the Recognized Obligation Payment Schedule to the Department of Finance electronically, and the successor agency shall complete the

1 Recognized Obligation Payment Schedule in the manner provided  
2 for by the department. A successor agency shall be in  
3 noncompliance with this paragraph if it only submits to the  
4 department an electronic message or a letter stating that the  
5 oversight board has approved a Recognized Obligation Payment  
6 Schedule.

7 (2) If a successor agency does not submit a Recognized  
8 Obligation Payment Schedule by the deadlines provided in this  
9 subdivision, the city, county, or city and county that created the  
10 redevelopment agency shall be subject to a civil penalty equal to  
11 ten thousand dollars (\$10,000) per day for every day the schedule  
12 is not submitted to the department. The civil penalty shall be paid  
13 to the county auditor-controller for allocation to the taxing entities  
14 under Section 34183. If a successor agency fails to submit a  
15 Recognized Obligation Payment Schedule by the deadline, any  
16 creditor of the successor agency or the Department of Finance or  
17 any affected taxing entity shall have standing to and may request  
18 a writ of mandate to require the successor agency to immediately  
19 perform this duty. Those actions may be filed only in the County  
20 of Sacramento and shall have priority over other civil matters.  
21 Additionally, if an agency does not submit a Recognized Obligation  
22 Payment Schedule within 10 days of the deadline, the maximum  
23 administrative cost allowance for that period shall be reduced by  
24 25 percent.

25 (3) If a successor agency fails to submit to the department an  
26 oversight board-approved Recognized Obligation Payment  
27 Schedule that complies with all requirements of this subdivision  
28 within five business days of the date upon which the Recognized  
29 Obligation Payment Schedule is to be used to determine the amount  
30 of property tax allocations, the department may determine if any  
31 amount should be withheld by the county auditor-controller for  
32 payments for enforceable obligations from distribution to taxing  
33 entities, pending approval of a Recognized Obligation Payment  
34 Schedule. The county auditor-controller shall distribute the portion  
35 of any of the sums withheld pursuant to this paragraph to the  
36 affected taxing entities in accordance with paragraph (4) of  
37 subdivision (a) of Section 34183 upon notice by the department  
38 that a portion of the withheld balances are in excess of the amount  
39 of enforceable obligations. The county auditor-controller shall  
40 distribute withheld funds to the successor agency only in



1 accordance with a Recognized Obligation Payment Schedule  
2 approved by the department. County auditor-controllers shall lack  
3 the authority to withhold any other amounts from the allocations  
4 provided for under Section 34183 or 34188 unless required by a  
5 court order.

6 (4) (A) The Recognized Obligation Payment Schedule payments  
7 required pursuant to this subdivision may be scheduled beyond  
8 the existing Recognized Obligation Payment Schedule cycle upon  
9 a showing that a lender requires cash on hand beyond the  
10 Recognized Obligation Payment Schedule cycle.

11 (B) When a payment is shown to be due during the Recognized  
12 Obligation Payment Schedule period, but an invoice or other billing  
13 document has not yet been received, the successor agency may  
14 utilize reasonable estimates and projections to support payment  
15 amounts for enforceable obligations if the successor agency submits  
16 appropriate supporting documentation of the basis for the estimate  
17 or projection to the department and the auditor-controller.

18 (C) A Recognized Obligation Payment Schedule may also  
19 include appropriation of moneys from bonds subject to passage  
20 during the Recognized Obligation Payment Schedule cycle when  
21 an enforceable obligation requires the agency to issue the bonds  
22 and use the proceeds to pay for project expenditures.

23 (5) *Prior to the rejection of an enforceable obligation from a*  
24 *recognized obligation payment schedule for a successor agency*  
25 *that has received a finding of completion from the Department of*  
26 *Finance under Section 34179.7, the Department of Finance shall*  
27 *submit the proposed rejection to the oversight board for review*  
28 *and approval, whose determination shall be final and conclusive*  
29 *without further review by the Department of Finance.*

30 (n) Cause a postaudit of the financial transactions and records  
31 of the successor agency to be made at least annually by a certified  
32 public accountant.

33 (o) *This section shall remain in effect only until July 1, 2016,*  
34 *and as of that date is repealed.*

35 SEC. 4.7. *Section 34177 is added to the Health and Safety*  
36 *Code, to read:*

37 34177. *Successor agencies are required to do all of the*  
38 *following:*

39 (a) *Continue to make payments due for enforceable obligations.*

(1) On and after February 1, 2012, and until a Recognized Obligation Payment Schedule becomes operative, only payments required pursuant to an enforceable obligations payment schedule shall be made. The initial enforceable obligation payment schedule shall be the last schedule adopted by the redevelopment agency under Section 34169. However, payments associated with obligations excluded from the definition of enforceable obligations by paragraph (2) of subdivision (d) of Section 34171 shall be excluded from the enforceable obligations payment schedule and be removed from the last schedule adopted by the redevelopment agency under Section 34169 prior to the successor agency adopting it as its enforceable obligations payment schedule pursuant to this subdivision. The enforceable obligation payment schedule may be amended by the successor agency at any public meeting and shall be subject to the approval of the oversight board as soon as the board has sufficient members to form a quorum. In recognition of the fact that the timing of the California Supreme Court's ruling in the case *California Redevelopment Association v. Matosantos* (2011) 53 Cal.4th 231 delayed the preparation by successor agencies and the approval by oversight boards of the January 1, 2012, through June 30, 2012, Recognized Obligation Payment Schedule, a successor agency may amend the Enforceable Obligation Payment Schedule to authorize the continued payment of enforceable obligations until the time that the January 1, 2012, through June 30, 2012, Recognized Obligation Payment Schedule has been approved by the oversight board and by the Department of Finance. The successor agency may utilize reasonable estimates and projections to support payment amounts for enforceable obligations if the successor agency submits appropriate supporting documentation of the basis for the estimate or projection to the Department of Finance and the auditor-controller.

(2) The Department of Finance and the Controller shall each have the authority to require any documents associated with the enforceable obligations to be provided to them in a manner of their choosing. Any taxing entity, the department, and the Controller shall each have standing to file a judicial action to prevent a violation under this part and to obtain injunctive or other appropriate relief.

(3) Commencing on the date the Recognized Obligation Payment Schedule is valid pursuant to subdivision (1), only those payments

1 *listed in the Recognized Obligation Payment Schedule may be*  
2 *made by the successor agency from the funds specified in the*  
3 *Recognized Obligation Payment Schedule. In addition, after it*  
4 *becomes valid, the Recognized Obligation Payment Schedule shall*  
5 *supersede the Statement of Indebtedness, which shall no longer*  
6 *be prepared nor have any effect under the Community*  
7 *Redevelopment Law (Part 1 (commencing with Section 33000)).*

8 *(4) Nothing in the act adding this part is to be construed as*  
9 *preventing a successor agency, with the prior approval of the*  
10 *oversight board, as described in Section 34179, from making*  
11 *payments for enforceable obligations from sources other than*  
12 *those listed in the Recognized Obligation Payment Schedule.*

13 *(5) From February 1, 2012, to July 1, 2012, a successor agency*  
14 *shall have no authority and is hereby prohibited from accelerating*  
15 *payment or making any lump-sum payments that are intended to*  
16 *prepay loans unless the accelerated repayments were required*  
17 *prior to the effective date of this part.*

18 *(b) Maintain reserves in the amount required by indentures,*  
19 *trust indentures, or similar documents governing the issuance of*  
20 *outstanding redevelopment agency bonds.*

21 *(c) Perform obligations required pursuant to any enforceable*  
22 *obligation.*

23 *(d) Remit unencumbered balances of redevelopment agency*  
24 *funds to the county auditor-controller for distribution to the taxing*  
25 *entities, including, but not limited to, the unencumbered balance*  
26 *of the Low and Moderate Income Housing Fund of a former*  
27 *redemption agency. In making the distribution, the county*  
28 *auditor-controller shall utilize the same methodology for allocation*  
29 *and distribution of property tax revenues provided in Section*  
30 *34188.*

31 *(e) Dispose of assets and properties of the former redevelopment*  
32 *agency as directed by the oversight board; provided, however,*  
33 *that the oversight board may instead direct the successor agency*  
34 *to transfer ownership of certain assets pursuant to subdivision (a)*  
35 *of Section 34181. The disposal is to be done expeditiously and in*  
36 *a manner aimed at maximizing value. Proceeds from asset sales*  
37 *and related funds that are no longer needed for approved*  
38 *development projects or to otherwise wind down the affairs of the*  
39 *agency, each as determined by the oversight board, shall be*  
40 *transferred to the county auditor-controller for distribution as*

1 *property tax proceeds under Section 34188. The requirements of*  
2 *this subdivision shall not apply to a successor agency that has*  
3 *been issued a finding of completion by the Department of Finance*  
4 *pursuant to Section 34179.7.*

5 *(f) Enforce all former redevelopment agency rights for the*  
6 *benefit of the taxing entities, including, but not limited to,*  
7 *continuing to collect loans, rents, and other revenues that were*  
8 *due to the redevelopment agency.*

9 *(g) Effectuate transfer of housing functions and assets to the*  
10 *appropriate entity designated pursuant to Section 34176.*

11 *(h) Expeditiously wind down the affairs of the redevelopment*  
12 *agency pursuant to the provisions of this part and in accordance*  
13 *with the direction of the oversight board.*

14 *(i) Continue to oversee development of properties until the*  
15 *contracted work has been completed or the contractual obligations*  
16 *of the former redevelopment agency can be transferred to other*  
17 *parties. Bond proceeds shall be used for the purposes for which*  
18 *bonds were sold unless the purposes can no longer be achieved,*  
19 *in which case, the proceeds may be used to defease the bonds.*

20 *(j) Prepare a proposed administrative budget and submit it to*  
21 *the oversight board for its approval. The proposed administrative*  
22 *budget shall include all of the following:*

23 *(1) Estimated amounts for successor agency administrative*  
24 *costs for the upcoming 12-month fiscal period.*

25 *(2) Proposed sources of payment for the costs identified in*  
26 *paragraph (1).*

27 *(3) Proposals for arrangements for administrative and*  
28 *operations services provided by a city, county, city and county, or*  
29 *other entity.*

30 *(k) Provide administrative cost estimates, from its approved*  
31 *administrative budget that are to be paid from property tax*  
32 *revenues deposited in the Redevelopment Property Tax Trust Fund,*  
33 *to the county auditor-controller for each 12-month fiscal period.*

34 *(l) (1) Before each 12-month fiscal period, prepare a*  
35 *Recognized Obligation Payment Schedule in accordance with the*  
36 *requirements of this paragraph. For each recognized obligation,*  
37 *the Recognized Obligation Payment Schedule shall identify one*  
38 *or more of the following sources of payment:*

39 *(A) Low and Moderate Income Housing Fund.*

40 *(B) Bond proceeds.*

1 (C) *Reserve balances.*

2 (D) *Administrative cost allowance.*

3 (E) *The Redevelopment Property Tax Trust Fund, but only to*  
4 *the extent no other funding source is available or when payment*  
5 *from property tax revenues is required by an enforceable obligation*  
6 *or by the provisions of this part.*

7 (F) *Other revenue sources, including rents, concessions, asset*  
8 *sale proceeds, interest earnings, and any other revenues derived*  
9 *from the former redevelopment agency, as approved by the*  
10 *oversight board in accordance with this part.*

11 (2) *A Recognized Obligation Payment Schedule shall not be*  
12 *deemed valid unless all of the following conditions have been met:*

13 (A) *A Recognized Obligation Payment Schedule is prepared by*  
14 *the successor agency for the enforceable obligations of the former*  
15 *redevelopment agency. The initial schedule shall project the dates*  
16 *and amounts of scheduled payments for each enforceable*  
17 *obligation for the remainder of the time period during which the*  
18 *redevelopment agency would have been authorized to obligate*  
19 *property tax increment had the redevelopment agency not been*  
20 *dissolved.*

21 (B) *The Recognized Obligation Payment Schedule is submitted*  
22 *to and duly approved by the oversight board. The successor agency*  
23 *shall submit a copy of the Recognized Obligation Payment*  
24 *Schedule to the county administrative officer, the county*  
25 *auditor-controller, and the Department of Finance at the same*  
26 *time that the successor agency submits the Recognized Obligation*  
27 *Payment Schedule to the oversight board for approval.*

28 (C) *A copy of the approved Recognized Obligation Payment*  
29 *Schedule is submitted to the county auditor-controller, the*  
30 *Controller's office, and the Department of Finance, and is posted*  
31 *on the successor agency's Internet Web site.*

32 (3) *The Recognized Obligation Payment Schedule shall be*  
33 *forward looking to the next 12-month fiscal period, for the first*  
34 *12-month fiscal period commencing after January 1, 2016. The*  
35 *first Recognized Obligation Payment Schedule shall be submitted*  
36 *to the Controller's office and the Department of Finance by April*  
37 *15, 2012, for the period of January 1, 2012, to June 30, 2012,*  
38 *inclusive. This Recognized Obligation Payment Schedule shall*  
39 *include all payments made by the former redevelopment agency*  
40 *between January 1, 2012, through January 31, 2012, and shall*

1 *include all payments proposed to be made by the successor agency*  
2 *from February 1, 2012, through June 30, 2012. Former*  
3 *redevelopment agency enforceable obligation payments due, and*  
4 *reasonable or necessary administrative costs due or incurred,*  
5 *prior to January 1, 2012, shall be made from property tax revenues*  
6 *received in the spring of 2011 property tax distribution, and from*  
7 *other revenues and balances transferred to the successor agency.*

8 *(4) The Recognized Obligation Payment Schedule may be*  
9 *amended by the oversight board during a 12-month fiscal period*  
10 *as long as the amendment is approved at least 90 days before the*  
11 *date of the next property tax distribution.*

12 *(m) The Recognized Obligation Payment Schedule for the period*  
13 *of January 1, 2013, to June 30, 2013, shall be submitted by the*  
14 *successor agency, after approval by the oversight board, no later*  
15 *than September 1, 2012. Commencing with the Recognized*  
16 *Obligation Payment Schedule covering the period of July 1, 2013,*  
17 *through December 31, 2013, successor agencies shall submit an*  
18 *oversight board-approved Recognized Obligation Payment*  
19 *Schedule to the Department of Finance and to the county*  
20 *auditor-controller no fewer than 90 days before the date of*  
21 *property tax distribution. The Department of Finance shall make*  
22 *its determination of the enforceable obligations and the amounts*  
23 *and funding sources of the enforceable obligations no later than*  
24 *45 days after the Recognized Obligation Payment Schedule is*  
25 *submitted. Within five business days of the department's*  
26 *determination, a successor agency may request additional review*  
27 *by the department and an opportunity to meet and confer on*  
28 *disputed items. The meet and confer period may vary; an untimely*  
29 *submittal of a Recognized Obligation Payment Schedule may result*  
30 *in a meet and confer period of less than 30 days. The department*  
31 *shall notify the successor agency and the county auditor-controllers*  
32 *as to the outcome of its review at least 15 days before the date of*  
33 *property tax distribution.*

34 *(1) The successor agency shall submit a copy of the Recognized*  
35 *Obligation Payment Schedule to the Department of Finance*  
36 *electronically, and the successor agency shall complete the*  
37 *Recognized Obligation Payment Schedule in the manner provided*  
38 *for by the department. A successor agency shall be in*  
39 *noncompliance with this paragraph if it only submits to the*  
40 *department an electronic message or a letter stating that the*

1 oversight board has approved a Recognized Obligation Payment  
2 Schedule.

3 (2) If a successor agency does not submit a Recognized  
4 Obligation Payment Schedule by the deadlines provided in this  
5 subdivision, the city, county, or city and county that created the  
6 redevelopment agency shall be subject to a civil penalty equal to  
7 ten thousand dollars (\$10,000) per day for every day the schedule  
8 is not submitted to the department. The civil penalty shall be paid  
9 to the county auditor-controller for allocation to the taxing entities  
10 under Section 34183. If a successor agency fails to submit a  
11 Recognized Obligation Payment Schedule by the deadline, any  
12 creditor of the successor agency or the Department of Finance or  
13 any affected taxing entity shall have standing to and may request  
14 a writ of mandate to require the successor agency to immediately  
15 perform this duty. Those actions may be filed only in the County  
16 of Sacramento and shall have priority over other civil matters.  
17 Additionally, if an agency does not submit a Recognized Obligation  
18 Payment Schedule within 10 days of the deadline, the maximum  
19 administrative cost allowance for that period shall be reduced by  
20 25 percent.

21 (3) If a successor agency fails to submit to the department an  
22 oversight board-approved Recognized Obligation Payment  
23 Schedule that complies with all requirements of this subdivision  
24 within five business days of the date upon which the Recognized  
25 Obligation Payment Schedule is to be used to determine the amount  
26 of property tax allocations, the department may determine if any  
27 amount should be withheld by the county auditor-controller for  
28 payments for enforceable obligations from distribution to taxing  
29 entities, pending approval of a Recognized Obligation Payment  
30 Schedule. The county auditor-controller shall distribute the portion  
31 of any of the sums withheld pursuant to this paragraph to the  
32 affected taxing entities in accordance with paragraph (4) of  
33 subdivision (a) of Section 34183 upon notice by the department  
34 that a portion of the withheld balances are in excess of the amount  
35 of enforceable obligations. The county auditor-controller shall  
36 distribute withheld funds to the successor agency only in  
37 accordance with a Recognized Obligation Payment Schedule  
38 approved by the department. County auditor-controllers shall lack  
39 the authority to withhold any other amounts from the allocations

1 *provided for under Section 34183 or 34188 unless required by a*  
2 *court order.*

3 *(4) (A) The Recognized Obligation Payment Schedule payments*  
4 *required pursuant to this subdivision may be scheduled beyond*  
5 *the existing Recognized Obligation Payment Schedule cycle upon*  
6 *a showing that a lender requires cash on hand beyond the*  
7 *Recognized Obligation Payment Schedule cycle.*

8 *(B) When a payment is shown to be due during the Recognized*  
9 *Obligation Payment Schedule period, but an invoice or other*  
10 *billing document has not yet been received, the successor agency*  
11 *may utilize reasonable estimates and projections to support*  
12 *payment amounts for enforceable obligations if the successor*  
13 *agency submits appropriate supporting documentation of the basis*  
14 *for the estimate or projection to the department and the*  
15 *auditor-controller.*

16 *(C) A Recognized Obligation Payment Schedule may also*  
17 *include appropriation of moneys from bonds subject to passage*  
18 *during the Recognized Obligation Payment Schedule cycle when*  
19 *an enforceable obligation requires the agency to issue the bonds*  
20 *and use the proceeds to pay for project expenditures.*

21 *(5) Prior to the rejection of an enforceable obligation from a*  
22 *recognized obligation payment schedule for a successor agency*  
23 *that has received a finding of completion from the Department of*  
24 *Finance under Section 34179.7, the Department of Finance shall*  
25 *submit the proposed rejection to the oversight board for review*  
26 *and approval, whose determination shall be final and conclusive*  
27 *without further review by the Department of Finance.*

28 *(n) Cause a postaudit of the financial transactions and records*  
29 *of the successor agency to be made at least annually by a certified*  
30 *public accountant.*

31 *(o) The 12-month fiscal period specified in subdivisions (j), (k),*  
32 *and (l) shall correspond to the period from July 1 through June*  
33 *30, inclusive, unless an oversight board and the Department of*  
34 *Finance approve a successor agency's request for the 12-month*  
35 *fiscal period to correspond with a different fiscal year used by the*  
36 *city, county, or city and county that created the former*  
37 *redevelopment agency.*

38 *(p) This section shall not be construed to alter the semiannual*  
39 *distribution of Redevelopment Property Tax Trust Fund payments*



1 *made in accordance with the projected payment schedule of the*  
2 *approved Recognized Obligation Payment Schedule.*

3 *(q) This section shall become operative on January 1, 2016.*

4 SEC. 5. Section 34177.5 of the Health and Safety Code is  
5 amended to read:

6 34177.5. (a) In addition to the powers granted to each  
7 successor agency, and notwithstanding anything in the act adding  
8 this part, including, but not limited to, Sections 34162 and 34189,  
9 a successor agency shall have the authority, rights, and powers of  
10 the redevelopment agency to which it succeeded solely for the  
11 following purposes:

12 (1) For the purpose of issuing bonds or incurring other  
13 indebtedness to refund the bonds or other indebtedness of its former  
14 redevelopment agency or of the successor agency to provide  
15 savings to the successor agency, provided that (A) the total interest  
16 cost to maturity on the refunding bonds or other indebtedness plus  
17 the principal amount of the refunding bonds or other indebtedness  
18 shall not exceed the total remaining interest cost to maturity on  
19 the bonds or other indebtedness to be refunded plus the remaining  
20 principal of the bonds or other indebtedness to be refunded, and  
21 (B) the principal amount of the refunding bonds or other  
22 indebtedness shall not exceed the amount required to defease the  
23 refunded bonds or other indebtedness, to establish customary debt  
24 service reserves, and to pay related costs of issuance. If the  
25 foregoing conditions are satisfied, the initial principal amount of  
26 the refunding bonds or other indebtedness may be greater than the  
27 outstanding principal amount of the bonds or other indebtedness  
28 to be refunded. The successor agency may pledge to the refunding  
29 bonds or other indebtedness the revenues pledged to the bonds or  
30 other indebtedness being refunded, and that pledge, when made  
31 in connection with the issuance of such refunding bonds or other  
32 indebtedness, shall have the same lien priority as the pledge of the  
33 bonds or other obligations to be refunded, and shall be valid,  
34 binding, and enforceable in accordance with its terms.

35 (2) For the purpose of issuing bonds or other indebtedness to  
36 finance debt service spikes, including balloon maturities, provided  
37 that (A) the existing indebtedness is not accelerated, except to the  
38 extent necessary to achieve substantially level debt service, and  
39 (B) the principal amount of the bonds or other indebtedness shall  
40 not exceed the amount required to finance the debt service spikes,

1 including establishing customary debt service reserves and paying  
2 related costs of issuance.

3 (3) For the purpose of amending an existing enforceable  
4 obligation under which the successor agency is obligated to  
5 reimburse a political subdivision of the state for the payment of  
6 debt service on a bond or other obligation of the political  
7 subdivision, or to pay all or a portion of the debt service on the  
8 bond or other obligation of the political subdivision to provide  
9 savings to the successor agency, provided that (A) the enforceable  
10 obligation is amended in connection with a refunding of the bonds  
11 or other obligations of the political subdivision so that the  
12 enforceable obligation will apply to the refunding bonds or other  
13 refunding indebtedness of the political subdivision, (B) the total  
14 interest cost to maturity on the refunding bonds or other  
15 indebtedness plus the principal amount of the refunding bonds or  
16 other indebtedness shall not exceed the total remaining interest  
17 cost to maturity on the bonds or other indebtedness to be refunded  
18 plus the remaining principal of the bonds or other indebtedness to  
19 be refunded, and (C) the principal amount of the refunding bonds  
20 or other indebtedness shall not exceed the amount required to  
21 defease the refunded bonds or other indebtedness, to establish  
22 customary debt service reserves and to pay related costs of  
23 issuance. The pledge set forth in that amended enforceable  
24 obligation, when made in connection with the execution of the  
25 amendment of the enforceable obligation, shall have the same lien  
26 priority as the pledge in the enforceable obligation prior to its  
27 amendment and shall be valid, binding, and enforceable in  
28 accordance with its terms.

29 (4) For the purpose of issuing bonds or incurring other  
30 indebtedness to make payments under enforceable obligations  
31 when the enforceable obligations include the irrevocable pledge  
32 of property tax increment, formerly tax increment revenues prior  
33 to the effective date of this part, or other funds and the obligation  
34 to issue bonds secured by that pledge. The successor agency may  
35 pledge to the bonds or other indebtedness the property tax revenues  
36 and other funds described in the enforceable obligation, and that  
37 pledge, when made in connection with the issuance of the bonds  
38 or the incurring of other indebtedness, shall be valid, binding, and  
39 enforceable in accordance with its terms. This paragraph shall not  
40 be deemed to authorize a successor agency to increase the amount

1 of property tax revenues pledged under an enforceable obligation  
2 or to pledge any property tax revenue not already pledged pursuant  
3 to an enforceable obligation. This paragraph does not constitute a  
4 change in, but is declaratory of, the existing law.

5 (b) The refunding bonds authorized under this section may be  
6 issued under the authority of Article 11 (commencing with Section  
7 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the  
8 Government Code, and the refunding bonds may be sold at public  
9 or private sale, or to a joint powers authority pursuant to the  
10 Marks-Roos Local Bond Pooling Act *of 1985* (Article 4  
11 (commencing with Section 6584) of Chapter 5 of Division 7 of  
12 Title 1 of the Government Code).

13 (c) (1) Prior to incurring any bonds or other indebtedness  
14 pursuant to this section, the successor agency may subordinate to  
15 the bonds or other indebtedness the amount required to be paid to  
16 an affected taxing entity pursuant to paragraph (1) of subdivision  
17 (a) of Section 34183, provided that the affected taxing entity has  
18 approved the subordinations pursuant to this subdivision.

19 (2) At the time the successor agency requests an affected taxing  
20 entity to subordinate the amount to be paid to it, the successor  
21 agency shall provide the affected taxing entity with substantial  
22 evidence that sufficient funds will be available to pay both the debt  
23 service on the bonds or other indebtedness and the payments  
24 required by paragraph (1) of subdivision (a) of Section 34183,  
25 when due.

26 (3) Within 45 days after receipt of the agency's request, the  
27 affected taxing entity shall approve or disapprove the request for  
28 subordination. An affected taxing entity may disapprove a request  
29 for subordination only if it finds, based upon substantial evidence,  
30 that the successor agency will not be able to pay the debt service  
31 payments and the amount required to be paid to the affected taxing  
32 entity. If the affected taxing entity does not act within 45 days after  
33 receipt of the agency's request, the request to subordinate shall be  
34 deemed approved and shall be final and conclusive.

35 (d) An action may be brought pursuant to Chapter 9  
36 (commencing with Section 860) of Title 10 of Part 2 of the Code  
37 of Civil Procedure to determine the validity of bonds or other  
38 obligations authorized by this section, the pledge of revenues to  
39 those bonds or other obligations authorized by this section, the  
40 legality and validity of all proceedings theretofore taken and, as

1 provided in the resolution of the legislative body of the successor  
2 agency authorizing the bonds or other obligations authorized by  
3 this section, proposed to be taken for the authorization, execution,  
4 issuance, sale, and delivery of the bonds or other obligations  
5 authorized by this section, and for the payment of debt service on  
6 the bonds or the payment of amounts under other obligations  
7 authorized by this section. Subdivision (c) of Section 33501 shall  
8 not apply to any such action. The Department of Finance shall be  
9 notified of the filing of any action as an affected party.

10 (e) Notwithstanding any other law, including, but not limited  
11 to, Section 33501, an action to challenge the issuance of bonds,  
12 the incurrence of indebtedness, the amendment of an enforceable  
13 obligation, or the execution of a financing agreement by a successor  
14 agency shall be brought within 30 days after the date on which the  
15 oversight board approves the resolution of the successor agency  
16 approving the issuance of bonds, the incurrence of indebtedness,  
17 the amendment of an enforceable obligation, or the execution of  
18 a financing agreement authorized under this section.

19 (f) The actions authorized in this section shall be subject to the  
20 approval of the oversight board, as provided in Section 34180.  
21 Additionally, an oversight board may direct the successor agency  
22 to commence any of the transactions described in subdivision (a)  
23 so long as the successor agency is able to recover its related costs  
24 in connection with the transaction. After a successor agency, with  
25 approval of the oversight board, issues any bonds, incurs any  
26 indebtedness, or executes an amended enforceable obligation  
27 pursuant to subdivision (a), the oversight board shall not  
28 unilaterally approve any amendments to or early termination of  
29 the bonds, indebtedness, or enforceable obligation. If, under the  
30 authority granted to it by subdivision (h) of Section 34179, the  
31 Department of Finance either reviews and approves or fails to  
32 request review within five business days of an oversight board  
33 approval of an action authorized by this section, the scheduled  
34 payments on the bonds or other indebtedness shall be listed in the  
35 Recognized Obligation Payment Schedule and shall not be subject  
36 to further review and approval by the department or the Controller.  
37 The department may extend its review time to 60 days for actions  
38 authorized in this section and may seek the assistance of the  
39 Treasurer in evaluating proposed actions under this section.

(g) Any bonds, indebtedness, or amended enforceable obligation authorized by this section shall be considered indebtedness incurred by the dissolved redevelopment agency, with the same legal effect as if the bonds, indebtedness, financing agreement, or amended enforceable obligation had been issued, incurred, or entered into prior to June 29, 2011, in full conformity with the applicable provisions of the Community Redevelopment Law that existed prior to that date, shall be included in the successor agency's Recognized Obligation Payment Schedule, and shall be secured by a pledge of, and lien on, and shall be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to subdivision (c) of Section 34172, as provided in paragraph (2) of subdivision (a) of Section 34183. Property tax revenues pledged to any bonds, indebtedness, or amended enforceable obligations authorized by this section are taxes allocated to the successor agency pursuant to subdivision (b) of Section 33670 and Section 16 of Article XVI of the California Constitution.

(h) The successor agency shall make diligent efforts to ensure that the lowest long-term cost financing is obtained. The financing shall not provide for any bullets or spikes and shall not use variable rates. The successor agency shall make use of an independent financial advisor in developing financing proposals and shall make the work products of the financial advisor available to the Department of Finance at its request.

(i) If an enforceable obligation provides for an irrevocable commitment of property tax revenue and where allocation of such revenues is expected to occur over time, the successor agency may petition the Department of Finance to provide written confirmation within 45 days that its determination of such enforceable obligation as approved in a Recognized Obligation Payment Schedule is final and conclusive, and reflects the department's approval of subsequent payments made pursuant to the enforceable obligation. If the confirmation is granted, then the department's review of such payments in future Recognized Obligation Payment Schedules shall be limited to confirming that they are required by the prior enforceable obligation.

(j) The successor agency may request that the department provide a written determination to waive the two-year statute of limitations on an action to review the validity of the adoption or

1 amendment of a redevelopment plan pursuant to subdivision (c)  
2 of Section 33500 or on any findings or determinations made by  
3 the agency pursuant to subdivision (d) of Section 33500. The  
4 department at its discretion may provide a waiver if it determines  
5 it is necessary for the agency to fulfill an enforceable obligation.

6 ~~SEC. 6. Section 34178.8 of the Health and Safety Code is~~  
7 ~~amended to read:~~

8 ~~34178.8. Commencing on the effective date of the act adding~~  
9 ~~this section, the Controller shall review the activities of successor~~  
10 ~~agencies in the state to determine if an asset transfer has occurred~~  
11 ~~after January 31, 2012, between the successor agency and the city,~~  
12 ~~county, or city and county that created a redevelopment agency,~~  
13 ~~or any other public agency, that was not made pursuant to an~~  
14 ~~enforceable obligation on an approved and valid Recognized~~  
15 ~~Obligation Payment Schedule. The review required by this section~~  
16 ~~shall be completed no later than January 1, 2016. If such an asset~~  
17 ~~transfer did occur, to the extent not prohibited by state and federal~~  
18 ~~law, the Controller shall order the available assets to be returned~~  
19 ~~to the successor agency. Upon receiving that order from the~~  
20 ~~Controller, an affected local agency shall, as soon as practicable,~~  
21 ~~reverse the transfer and return the applicable assets to the successor~~  
22 ~~agency. This section shall not apply to housing assets as defined~~  
23 ~~in subdivision (e) of Section 34176.~~

24 ~~SEC. 6. Section 34179 of the Health and Safety Code is~~  
25 ~~amended to read:~~

26 34179. (a) Each successor agency shall have an oversight  
27 board composed of seven members. The members shall elect one  
28 of their members as the chairperson and shall report the name of  
29 the chairperson and other members to the Department of Finance  
30 on or before May 1, 2012. Members shall be selected as follows:

31 (1) One member appointed by the county board of supervisors.

32 (2) One member appointed by the mayor for the city that formed  
33 the redevelopment agency.

34 (3) (A) One member appointed by the largest special district,  
35 by property tax share, with territory in the territorial jurisdiction  
36 of the former redevelopment agency, which is of the type of special  
37 district that is eligible to receive property tax revenues pursuant  
38 to Section 34188.

1 (B) On or after the effective date of this subparagraph, the  
2 county auditor-controller may determine which is the largest special  
3 district for purposes of this section.

4 (4) One member appointed by the county superintendent of  
5 education to represent schools if the superintendent is elected. If  
6 the county superintendent of education is appointed, then the  
7 appointment made pursuant to this paragraph shall be made by the  
8 county board of education.

9 (5) One member appointed by the Chancellor of the California  
10 Community Colleges to represent community college districts in  
11 the county.

12 (6) One member of the public appointed by the county board  
13 of supervisors.

14 (7) One member representing the employees of the former  
15 redevelopment agency appointed by the mayor or chair of the  
16 board of supervisors, as the case may be, from the recognized  
17 employee organization representing the largest number of former  
18 redevelopment agency employees employed by the successor  
19 agency at that time. In the case where city or county employees  
20 performed administrative duties of the former redevelopment  
21 agency, the appointment shall be made from the recognized  
22 employee organization representing those employees. If a  
23 recognized employee organization does not exist for either the  
24 employees of the former redevelopment agency or the city or  
25 county employees performing administrative duties of the former  
26 redevelopment agency, the appointment shall be made from among  
27 the employees of the successor agency. In voting to approve a  
28 contract as an enforceable obligation, a member appointed pursuant  
29 to this paragraph shall not be deemed to be interested in the contract  
30 by virtue of being an employee of the successor agency or  
31 community for purposes of Section 1090 of the Government Code.

32 (8) If the county or a joint powers agency formed the  
33 redevelopment agency, then the largest city by acreage in the  
34 territorial jurisdiction of the former redevelopment agency may  
35 select one member. If there are no cities with territory in a project  
36 area of the redevelopment agency, the county superintendent of  
37 education may appoint an additional member to represent the  
38 public.

39 (9) If there are no special districts of the type that are eligible  
40 to receive property tax pursuant to Section 34188, within the

1 territorial jurisdiction of the former redevelopment agency, then  
2 the county may appoint one member to represent the public.

3 (10) If a redevelopment agency was formed by an entity that is  
4 both a charter city and a county, the oversight board shall be  
5 composed of seven members selected as follows: three members  
6 appointed by the mayor of the city, if that appointment is subject  
7 to confirmation by the county board of supervisors, one member  
8 appointed by the largest special district, by property tax share, with  
9 territory in the territorial jurisdiction of the former redevelopment  
10 agency, which is the type of special district that is eligible to  
11 receive property tax revenues pursuant to Section 34188, one  
12 member appointed by the county superintendent of education to  
13 represent schools, one member appointed by the Chancellor of the  
14 California Community Colleges to represent community college  
15 districts, and one member representing employees of the former  
16 redevelopment agency appointed by the mayor of the city if that  
17 appointment is subject to confirmation by the county board of  
18 supervisors, to represent the largest number of former  
19 redevelopment agency employees employed by the successor  
20 agency at that time.

21 *(11) Each appointing authority identified in this subdivision*  
22 *may, but is not required to, appoint an alternate representative to*  
23 *serve on the oversight board as may be necessary to attend any*  
24 *meeting of the oversight board in the event that the appointing*  
25 *authority's primary representative is unable to attend any meeting*  
26 *for any reason. If the alternate representative attends any meeting*  
27 *in place of the primary representative, the alternative*  
28 *representative shall have the same participatory and voting rights*  
29 *as all other attending members of the oversight board. The*  
30 *successor agency shall promptly notify the department regarding*  
31 *the appointment of any alternate representative to the oversight*  
32 *board.*

33 (b) The Governor may appoint individuals to fill any oversight  
34 board member position described in subdivision (a) that has not  
35 been filled by May 15, 2012, or any member position that remains  
36 vacant for more than 60 days.

37 (c) The oversight board may direct the staff of the successor  
38 agency to perform work in furtherance of the oversight board's  
39 duties and responsibilities under this part. The successor agency  
40 shall pay for all of the costs of meetings of the oversight board



1 and may include such costs in its administrative budget. Oversight  
2 board members shall serve without compensation or reimbursement  
3 for expenses.

4 (d) Oversight board members are protected by the immunities  
5 applicable to public entities and public employees governed by  
6 Part 1 (commencing with Section 810) and Part 2 (commencing  
7 with Section 814) of Division 3.6 of Title 1 of the Government  
8 Code.

9 (e) A majority of the total membership of the oversight board  
10 shall constitute a quorum for the transaction of business. A majority  
11 vote of the total membership of the oversight board is required for  
12 the oversight board to take action. The oversight board shall be  
13 deemed to be a local entity for purposes of the Ralph M. Brown  
14 Act, the California Public Records Act, and the Political Reform  
15 Act of 1974. All actions taken by the oversight board shall be  
16 adopted by resolution.

17 (f) All notices required by law for proposed oversight board  
18 actions shall also be posted on the successor agency's Internet  
19 Web site or the oversight board's Internet Web site.

20 (g) Each member of an oversight board shall serve at the  
21 pleasure of the entity that appointed such member.

22 (h) The Department of Finance may review an oversight board  
23 action taken pursuant to this part. Written notice and information  
24 about all actions taken by an oversight board shall be provided to  
25 the department by electronic means and in a manner of the  
26 department's choosing. An action shall become effective five  
27 business days after notice in the manner specified by the  
28 department is provided unless the department requests a review.  
29 Each oversight board shall designate an official to whom the  
30 department may make those requests and who shall provide the  
31 department with the telephone number and e-mail contact  
32 information for the purpose of communicating with the department  
33 pursuant to this subdivision. Except as otherwise provided in this  
34 part, in the event that the department requests a review of a given  
35 oversight board action, it shall have 40 days from the date of its  
36 request to approve the oversight board action or return it to the  
37 oversight board for reconsideration and the oversight board action  
38 shall not be effective until approved by the department. In the  
39 event that the department returns the oversight board action to the  
40 oversight board for reconsideration, the oversight board shall

1 resubmit the modified action for department approval and the  
2 modified oversight board action shall not become effective until  
3 approved by the department. If the department reviews a  
4 Recognized Obligation Payment Schedule, the department may  
5 eliminate or modify any item on that schedule prior to its approval.  
6 The county auditor-controller shall reflect the actions of the  
7 department in determining the amount of property tax revenues to  
8 allocate to the successor agency. The department shall provide  
9 notice to the successor agency and the county auditor-controller  
10 as to the reasons for its actions. To the extent that an oversight  
11 board continues to dispute a determination with the department,  
12 one or more future recognized obligation schedules may reflect  
13 any resolution of that dispute. The department may also agree to  
14 an amendment to a Recognized Obligation Payment Schedule to  
15 reflect a resolution of a disputed item; however, this shall not affect  
16 a past allocation of property tax or create a liability for any affected  
17 taxing entity.

18 (i) Oversight boards shall have fiduciary responsibilities to  
19 holders of enforceable obligations and the taxing entities that  
20 benefit from distributions of property tax and other revenues  
21 pursuant to Section 34188. Further, the provisions of Division 4  
22 (commencing with Section 1000) of the Government Code shall  
23 apply to oversight boards. Notwithstanding Section 1099 of the  
24 Government Code, or any other law, any individual may  
25 simultaneously be appointed to up to five oversight boards and  
26 may hold an office in a city, county, city and county, special  
27 district, school district, or community college district.

28 (j) Commencing on and after July 1, 2016, in each county where  
29 more than one oversight board was created by operation of the act  
30 adding this part, there shall be only one oversight board appointed  
31 as follows:

32 (1) One member may be appointed by the county board of  
33 supervisors.

34 (2) One member may be appointed by the city selection  
35 committee established pursuant to Section 50270 of the  
36 Government Code. In a city and county, the mayor may appoint  
37 one member.

38 (3) One member may be appointed by the independent special  
39 district selection committee established pursuant to Section 56332

1 of the Government Code, for the types of special districts that are  
2 eligible to receive property tax revenues pursuant to Section 34188.

3 (4) One member may be appointed by the county superintendent  
4 of education to represent schools if the superintendent is elected.  
5 If the county superintendent of education is appointed, then the  
6 appointment made pursuant to this paragraph shall be made by the  
7 county board of education.

8 (5) One member may be appointed by the Chancellor of the  
9 California Community Colleges to represent community college  
10 districts in the county.

11 (6) One member of the public may be appointed by the county  
12 board of supervisors.

13 (7) One member may be appointed by the recognized employee  
14 organization representing the largest number of successor agency  
15 employees in the county.

16 (k) The Governor may appoint individuals to fill any oversight  
17 board member position described in subdivision (j) that has not  
18 been filled by July 15, 2016, or any member position that remains  
19 vacant for more than 60 days.

20 (l) Commencing on and after July 1, 2016, in each county where  
21 only one oversight board was created by operation of the act adding  
22 this part, then there will be no change to the composition of that  
23 oversight board as a result of the operation of subdivision (b).

24 (m) Any oversight board for a given successor agency shall  
25 cease to exist when all of the indebtedness of the dissolved  
26 redevelopment agency has been repaid.

27 (n) An oversight board may direct a successor agency to provide  
28 additional legal or financial advice than what was given by agency  
29 staff.

30 (o) An oversight board is authorized to contract with the county  
31 or other public or private agencies for administrative support.

32 (p) On matters within the purview of the oversight board,  
33 decisions made by the oversight board supersede those made by  
34 the successor agency or the staff of the successor agency.

35 SEC. 7. Section 34180 of the Health and Safety Code is  
36 amended to read:

37 34180. All of the following successor agency actions shall first  
38 be approved by the oversight board:

39 (a) The establishment of new repayment terms for outstanding  
40 loans where the terms have not been specified prior to the date of

1 this part. An oversight board shall not have the authority to  
2 reestablish loan agreements between the successor agency and the  
3 city, county, or city and county that formed the redevelopment  
4 agency except as provided in Chapter 9 (commencing with Section  
5 34191.1).

6 (b) The issuance of bonds or other indebtedness or the pledge  
7 or agreement for the pledge of property tax revenues (formerly tax  
8 increment prior to the effective date of this part) pursuant to  
9 subdivision (a) of Section 34177.5.

10 (c) Setting aside of amounts in reserves as required by  
11 indentures, trust indentures, or similar documents governing the  
12 issuance of outstanding redevelopment agency bonds.

13 (d) Merging of project areas.

14 (e) Continuing the acceptance of federal or state grants, or other  
15 forms of financial assistance from either public or private sources,  
16 if that assistance is conditioned upon the provision of matching  
17 funds, by the successor entity as successor to the former  
18 redevelopment agency, in an amount greater than 5 percent.

19 (f) (1) If a city, county, or city and county wishes to retain any  
20 properties or other assets for future redevelopment activities,  
21 funded from its own funds and under its own auspices, it must  
22 reach a compensation agreement with the other taxing entities to  
23 provide payments to them in proportion to their shares of the base  
24 property tax, as determined pursuant to Section 34188, for the  
25 value of the property retained.

26 (2) If no other agreement is reached on valuation of the retained  
27 assets, the value will be the fair market value as of the 2011  
28 property tax lien date as determined by an independent appraiser  
29 approved by the oversight board.

30 (3) This subdivision does not apply to the disposition of  
31 properties pursuant to a long-range property management plan.

32 (g) Establishment of the Recognized Obligation Payment  
33 Schedule.

34 (h) A request by the successor agency to enter into an agreement  
35 with the city, county, or city and county that formed the  
36 redevelopment agency that it is succeeding. An oversight board  
37 shall not have the authority to reestablish loan agreements between  
38 the successor agency and the city, county, or city and county that  
39 formed the redevelopment agency except as provided in Chapter  
40 9 (commencing with Section 34191.1). Any actions to reestablish

1 any other agreements that are in furtherance of enforceable  
2 obligations, with the city, county, or city and county that formed  
3 the redevelopment agency are invalid until they are included in an  
4 approved and valid Recognized Obligation Payment Schedule.

5 (i) A request by a successor agency or taxing entity to pledge,  
6 or to enter into an agreement for the pledge of, property tax  
7 revenues pursuant to subdivision (b) of Section 34178.

8 (j) Any document submitted by a successor agency to an  
9 oversight board for approval by any provision of this part shall  
10 also be submitted to the county administrative officer, the county  
11 auditor-controller, and the Department of Finance at the same time  
12 that the successor agency submits the document to the oversight  
13 board.

14 ~~SEC. 8. Section 34191.3 of the Health and Safety Code is~~  
15 ~~amended to read:~~

16 ~~34191.3. Notwithstanding Section 34191.1, the requirements~~  
17 ~~specified in subdivision (e) of Section 34177 and subdivision (a)~~  
18 ~~of Section 34181 shall be suspended, except as those provisions~~  
19 ~~apply to the transfers for governmental use, until the Department~~  
20 ~~of Finance has approved a long-range property management plan~~  
21 ~~pursuant to subdivision (b) of Section 34191.5, at which point the~~  
22 ~~plan shall govern, and supersede all other provisions relating to,~~  
23 ~~the disposition and use of the real property assets of the former~~  
24 ~~redevelopment agency, including, but not limited to, subdivision~~  
25 ~~(f) of Section 34180.~~

26 ~~SEC. 9. Section 34191.4 of the Health and Safety Code is~~  
27 ~~amended to read:~~

28 ~~34191.4. The following provisions shall apply to any successor~~  
29 ~~agency that has been issued a finding of completion by the~~  
30 ~~Department of Finance:~~

31 ~~(a) All real property and interests in real property identified in~~  
32 ~~subparagraph (C) of paragraph (5) of subdivision (e) of Section~~  
33 ~~34179.5 shall be transferred to the Community Redevelopment~~  
34 ~~Property Trust Fund of the successor agency upon approval by the~~  
35 ~~Department of Finance of the long-range property management~~  
36 ~~plan submitted by the successor agency pursuant to subdivision~~  
37 ~~(b) of Section 34191.5 unless that property is subject to the~~  
38 ~~requirements of any existing enforceable obligation.~~

39 ~~(b) (1) Notwithstanding subdivision (d) of Section 34171, upon~~  
40 ~~application by the successor agency and approval by the oversight~~

1 board, loan agreements entered into between the redevelopment  
2 agency and the city, county, or city and county that created the  
3 redevelopment agency shall be deemed to be enforceable  
4 obligations provided that the oversight board makes a finding that  
5 the loan was for legitimate redevelopment purposes.

6 (2) If the oversight board finds that the loan is an enforceable  
7 obligation, the accumulated interest on the remaining principal  
8 amount of the loan shall be recalculated from origination at the  
9 interest rate earned by funds deposited into the Local Agency  
10 Investment Fund. The loan shall be repaid to the city, county, or  
11 city and county in accordance with a defined schedule over a  
12 reasonable term of years at an interest rate not to exceed the interest  
13 rate earned by funds deposited into the Local Agency Investment  
14 Fund. The annual loan repayments provided for in the recognized  
15 obligation payment schedules shall be subject to all of the following  
16 limitations:

17 (A) Loan repayments shall not be made prior to the 2013–14  
18 fiscal year. Beginning in the 2013–14 fiscal year, the maximum  
19 repayment amount authorized each fiscal year for repayments  
20 made pursuant to this subdivision and paragraph (7) of subdivision  
21 (e) of Section 34176 combined shall be equal to one-half of the  
22 increase between the amount distributed to the taxing entities  
23 pursuant to paragraph (4) of subdivision (a) of Section 34183 in  
24 that fiscal year and the amount distributed to taxing entities  
25 pursuant to that paragraph in the 2012–13 base year, provided,  
26 however, that calculation of the amount distributed to taxing  
27 entities during the 2012–13 base year shall not include any amounts  
28 distributed to taxing entities pursuant to the due diligence review  
29 process established in Sections 34179.5 to 34179.8, inclusive.  
30 Loan or deferral repayments made pursuant to this subdivision  
31 shall be second in priority to amounts to be repaid pursuant to  
32 paragraph (7) of subdivision (e) of Section 34176.

33 (B) Repayments received by the city, county, or city and county  
34 that formed the redevelopment agency shall first be used to retire  
35 any outstanding amounts borrowed and owed to the Low and  
36 Moderate Income Housing Fund of the former redevelopment  
37 agency for purposes of the Supplemental Educational Revenue  
38 Augmentation Fund and shall be distributed to the Low and  
39 Moderate Income Housing Asset Fund established by subdivision  
40 (d) of Section 34176.

1     ~~(C) Twenty percent of any loan repayment shall be deducted~~  
2     ~~from the loan repayment amount and shall be transferred to the~~  
3     ~~Low and Moderate Income Housing Asset Fund, after all~~  
4     ~~outstanding loans from the Low and Moderate Income Housing~~  
5     ~~Fund for purposes of the Supplemental Educational Revenue~~  
6     ~~Augmentation Fund have been paid.~~

7     ~~(e) (1) Bond proceeds derived from bonds issued on or before~~  
8     ~~December 31, 2010, shall be used for the purposes for which the~~  
9     ~~bonds were sold. Bond proceeds derived from bonds issued during~~  
10    ~~the year 2011 may be used for the purposes for which the bonds~~  
11    ~~were issued upon approval of the oversight board, if the oversight~~  
12    ~~board, in consultation with the appropriate metropolitan planning~~  
13    ~~organization, determines that the use of the bond proceeds is~~  
14    ~~consistent with the sustainable communities strategy adopted by~~  
15    ~~the metropolitan planning organization in accordance with Section~~  
16    ~~65080 of the Government Code.~~

17    ~~(2) (A) Notwithstanding Section 34177.3 or any other~~  
18    ~~conflicting provision of law, bond proceeds in excess of the~~  
19    ~~amounts needed to satisfy approved enforceable obligations shall~~  
20    ~~thereafter be expended in a manner consistent with the original~~  
21    ~~bond covenants. Enforceable obligations may be satisfied by the~~  
22    ~~creation of reserves for projects that are the subject of the~~  
23    ~~enforceable obligation and that are consistent with the contractual~~  
24    ~~obligations for those projects, or by expending funds to complete~~  
25    ~~the projects. An expenditure made pursuant to this paragraph shall~~  
26    ~~constitute the creation of excess bond proceeds obligations to be~~  
27    ~~paid from the excess proceeds. Excess bond proceeds obligations~~  
28    ~~shall be listed separately on the Recognized Obligation Payment~~  
29    ~~Schedule submitted by the successor agency.~~

30    ~~(B) If remaining bond proceeds cannot be spent in a manner~~  
31    ~~consistent with the bond covenants pursuant to subparagraph (A);~~  
32    ~~the proceeds shall be used to defease the bonds or to purchase~~  
33    ~~those same outstanding bonds on the open market for cancellation.~~

34    ~~(d) In addition to any other authority granted by this part, the~~  
35    ~~successor agency may enter into, or amend existing, contracts and~~  
36    ~~agreements, or otherwise administer projects in connection with~~  
37    ~~enforceable obligations approved pursuant to subdivision (m) of~~  
38    ~~Section 34177, including the substitution of private developer~~  
39    ~~capital in a disposition and development agreement that has been~~  
40    ~~deemed an enforceable obligation, if the contract, agreement, or~~

~~project will not commit new property tax funds, and will not otherwise reduce property tax revenues or payments made pursuant to paragraph (4) of subdivision (a) of Section 34183 to the taxing agencies.~~

*SEC. 7.5. Section 34180 of the Health and Safety Code is amended to read:*

34180. All of the following successor agency actions shall first be approved by the oversight board:

(a) The establishment of new repayment terms for outstanding loans where the terms have not been specified prior to the date of this part. An oversight board shall not have the authority to reestablish loan agreements between the successor agency and the city, county, or city and county that formed the redevelopment agency except as provided in Chapter 9 (commencing with Section 34191.1).

(b) The issuance of bonds or other indebtedness or the pledge or agreement for the pledge of property tax revenues (formerly tax increment prior to the effective date of this part) pursuant to *Section 33333.7 and* subdivision (a) of Section 34177.5.

(c) Setting aside of amounts in reserves as required by indentures, trust indentures, or similar documents governing the issuance of outstanding redevelopment agency bonds.

(d) Merging of project areas.

(e) Continuing the acceptance of federal or state grants, or other forms of financial assistance from either public or private sources, if that assistance is conditioned upon the provision of matching funds, by the successor entity as successor to the former redevelopment agency, in an amount greater than 5 percent.

(f) (1) If a city, county, or city and county wishes to retain any properties or other assets for future redevelopment activities, funded from its own funds and under its own auspices, it must reach a compensation agreement with the other taxing entities to provide payments to them in proportion to their shares of the base property tax, as determined pursuant to Section 34188, for the value of the property retained.

(2) If no other agreement is reached on valuation of the retained assets, the value will be the fair market value as of the 2011 property tax lien date as determined by an independent appraiser approved by the oversight board.



1 (3) *This subdivision does not apply to the disposition of*  
2 *properties pursuant to a long-range property management plan.*

3 (g) Establishment of the Recognized Obligation Payment  
4 Schedule.

5 (h) A request by the successor agency to enter into an agreement  
6 with the city, county, or city and county that formed the  
7 redevelopment agency that it is succeeding. An oversight board  
8 shall not have the authority to reestablish loan agreements between  
9 the successor agency and the city, county, or city and county that  
10 formed the redevelopment agency except as provided in Chapter  
11 9 (commencing with Section 34191.1). Any actions to reestablish  
12 any other agreements that are in furtherance of enforceable  
13 obligations, with the city, county, or city and county that formed  
14 the redevelopment agency are invalid until they are included in an  
15 approved and valid Recognized Obligation Payment Schedule.

16 (i) A request by a successor agency or taxing entity to pledge,  
17 or to enter into an agreement for the pledge of, property tax  
18 revenues pursuant to subdivision (b) of Section 34178.

19 (j) Any document submitted by a successor agency to an  
20 oversight board for approval by any provision of this part shall  
21 also be submitted to the county administrative officer, the county  
22 auditor-controller, and the Department of Finance at the same time  
23 that the successor agency submits the document to the oversight  
24 board.

25 *SEC. 8. Section 34191.4 of the Health and Safety Code is*  
26 *amended to read:*

27 34191.4. The following provisions shall apply to any successor  
28 agency that has been issued a finding of completion by the  
29 Department of Finance:

30 (a) All real property and interests in real property identified in  
31 subparagraph (C) of paragraph (5) of subdivision (c) of Section  
32 34179.5 shall be transferred to the Community Redevelopment  
33 Property Trust Fund of the successor agency upon approval by the  
34 Department of Finance of the long-range property management  
35 plan submitted by the successor agency pursuant to subdivision  
36 (b) of Section 34191.5 unless that property is subject to the  
37 requirements of any existing enforceable obligation.

38 (b) (1) Notwithstanding subdivision (d) of Section 34171, upon  
39 application by the successor agency and approval by the oversight  
40 board, ~~loan agreements entered into between the~~ *loans made to a*

1 redevelopment agency ~~and by the city, county, or city and county~~  
2 that created the redevelopment agency shall be deemed to be  
3 enforceable obligations provided that the oversight board makes  
4 a finding that the ~~loan was~~ *loans were* for legitimate redevelopment  
5 purposes.

6 (2) If the oversight board finds that ~~the~~ *a* loan is an enforceable  
7 obligation, the accumulated interest on the remaining principal  
8 ~~amount~~ *balance* of the loan shall be recalculated from origination  
9 ~~at using~~ the interest rate earned by funds deposited into the Local  
10 Agency Investment Fund *in effect on the date of loan origination,*  
11 *and as adjusted quarterly thereafter.* The *remaining balance of*  
12 *the loan and the accumulated interest* shall be repaid to the city,  
13 county, or city and county in accordance with a defined schedule  
14 over a reasonable term of years at an interest rate not to exceed  
15 the interest rate earned by funds deposited into the Local Agency  
16 Investment Fund *as the rate is adjusted on a quarterly basis.* The  
17 annual loan repayments provided for in the recognized obligation  
18 payment schedules shall be subject to all of the following  
19 limitations:

20 (A) Loan repayments shall not be made prior to the 2013–14  
21 fiscal year. Beginning in the 2013–14 fiscal year, the maximum  
22 repayment amount authorized each fiscal year for repayments  
23 made pursuant to this subdivision and paragraph (7) of subdivision  
24 (e) of Section 34176 combined shall be equal to one-half of the  
25 increase between the amount distributed to the taxing entities  
26 pursuant to paragraph (4) of subdivision (a) of Section 34183 in  
27 that fiscal year and the amount distributed to taxing entities  
28 pursuant to that paragraph in the 2012–13 base year, provided,  
29 however, that calculation of the amount distributed to taxing  
30 entities during the 2012–13 base year shall not include any amounts  
31 distributed to taxing entities pursuant to the due diligence review  
32 process established in Sections 34179.5 to 34179.8, inclusive.  
33 Loan or deferral repayments made pursuant to this subdivision  
34 shall be second in priority to amounts to be repaid pursuant to  
35 paragraph (7) of subdivision (e) of Section 34176.

36 (B) Repayments received by the city, county, or city and county  
37 that formed the redevelopment agency shall first be used to retire  
38 any outstanding amounts borrowed and owed to the Low and  
39 Moderate Income Housing Fund of the former redevelopment  
40 agency for purposes of the Supplemental Educational Revenue

1 Augmentation Fund and shall be distributed to the Low and  
2 Moderate Income Housing Asset Fund established by subdivision  
3 (d) of Section 34176.

4 (C) Twenty percent of any loan repayment shall be deducted  
5 from the loan repayment amount and shall be transferred to the  
6 Low and Moderate Income Housing Asset Fund, after all  
7 outstanding loans from the Low and Moderate Income Housing  
8 Fund for purposes of the Supplemental Educational Revenue  
9 Augmentation Fund have been paid.

10 (3) *It is the intent of the Legislature that the amendments to this*  
11 *subdivision made by the act adding this paragraph be clarifying.*

12 (c) (1) Bond proceeds derived from bonds issued on or before  
13 December 31, 2010, shall be used for the purposes for which the  
14 bonds were sold.

15 (2) (A) Notwithstanding Section 34177.3 or any other  
16 conflicting provision of law, bond proceeds in excess of the  
17 amounts needed to satisfy approved enforceable obligations shall  
18 thereafter be expended in a manner consistent with the original  
19 bond covenants. Enforceable obligations may be satisfied by the  
20 creation of reserves for projects that are the subject of the  
21 enforceable obligation and that are consistent with the contractual  
22 obligations for those projects, or by expending funds to complete  
23 the projects. An expenditure made pursuant to this paragraph shall  
24 constitute the creation of excess bond proceeds obligations to be  
25 paid from the excess proceeds. Excess bond proceeds obligations  
26 shall be listed separately on the Recognized Obligation Payment  
27 Schedule submitted by the successor agency.

28 (B) If remaining bond proceeds cannot be spent in a manner  
29 consistent with the bond covenants pursuant to subparagraph (A),  
30 the proceeds shall be used to defease the bonds or to purchase  
31 those same outstanding bonds on the open market for cancellation.

32 (d) *Notwithstanding subdivision (b) of Section 34163, if a*  
33 *successor agency has received a finding of completion, the*  
34 *successor agency may enter into, or amend existing, contracts and*  
35 *agreements, or otherwise administer projects in connection with*  
36 *enforceable obligations approved pursuant to subdivision (m) of*  
37 *Section 34177, including the substitution of private developer*  
38 *capital in a disposition and development agreement that has been*  
39 *deemed an enforceable obligation, if the contract, agreement, or*  
40 *project will not commit new property tax funds, and will not*

1 *otherwise reduce property tax revenues or payments made pursuant*  
2 *to paragraph (4) of subdivision (a) of Section 34183 to the taxing*  
3 *agencies.*

4 SEC. 8.5. *Section 34191.4 of the Health and Safety Code is*  
5 *amended to read:*

6 34191.4. The following provisions shall apply to any successor  
7 agency that has been issued a finding of completion by the  
8 Department of Finance:

9 (a) All real property and interests in real property identified in  
10 subparagraph (C) of paragraph (5) of subdivision (c) of Section  
11 34179.5 shall be transferred to the Community Redevelopment  
12 Property Trust Fund of the successor agency upon approval by the  
13 Department of Finance of the long-range property management  
14 plan submitted by the successor agency pursuant to subdivision  
15 (b) of Section 34191.5 unless that property is subject to the  
16 requirements of any existing enforceable obligation.

17 (b) (1) Notwithstanding subdivision (d) of Section 34171, upon  
18 application by the successor agency and approval by the oversight  
19 board, ~~loan agreements entered into between the~~ *loans made to a*  
20 ~~redevelopment agency and by the city, county, or city and county~~  
21 ~~that created the redevelopment agency shall be deemed to be~~  
22 ~~enforceable obligations provided that the oversight board makes~~  
23 ~~a finding that the loan was~~ *loans were* for legitimate redevelopment  
24 purposes.

25 (2) If the oversight board finds that ~~the~~ *a* loan is an enforceable  
26 obligation, the accumulated interest on the remaining principal  
27 ~~amount~~ *balance* of the loan shall be recalculated from origination  
28 ~~at using~~ the interest rate earned by funds deposited into the Local  
29 Agency Investment Fund *in effect on the date of loan origination,*  
30 *and as adjusted quarterly thereafter.* The *remaining principal*  
31 *balance of the loan and the accumulated interest* shall be repaid  
32 to the city, county, or city and county in accordance with a defined  
33 schedule over a reasonable term of years at an interest rate not to  
34 exceed the interest rate earned by funds deposited into the Local  
35 Agency Investment Fund *as the rate is adjusted on a quarterly*  
36 *basis.* The annual loan repayments provided for in the recognized  
37 obligation payment schedules shall be subject to all of the following  
38 limitations:

39 (A) Loan repayments shall not be made prior to the 2013–14  
40 fiscal year. Beginning in the 2013–14 fiscal year, the maximum

1 repayment amount authorized each fiscal year for repayments  
2 made pursuant to this subdivision and paragraph (7) of subdivision  
3 (e) of Section 34176 combined shall be equal to one-half of the  
4 increase between the amount distributed to the taxing entities  
5 pursuant to paragraph (4) of subdivision (a) of Section 34183 in  
6 that fiscal year and the amount distributed to taxing entities  
7 pursuant to that paragraph in the 2012–13 base year, provided,  
8 however, that calculation of the amount distributed to taxing  
9 entities during the 2012–13 base year shall not include any amounts  
10 distributed to taxing entities pursuant to the due diligence review  
11 process established in Sections 34179.5 to 34179.8, inclusive.  
12 Loan or deferral repayments made pursuant to this subdivision  
13 shall be second in priority to amounts to be repaid pursuant to  
14 paragraph (7) of subdivision (e) of Section 34176.

15 (B) Repayments received by the city, county, or city and county  
16 that formed the redevelopment agency shall first be used to retire  
17 any outstanding amounts borrowed and owed to the Low and  
18 Moderate Income Housing Fund of the former redevelopment  
19 agency for purposes of the Supplemental Educational Revenue  
20 Augmentation Fund and shall be distributed to the Low and  
21 Moderate Income Housing Asset Fund established by subdivision  
22 (d) of Section 34176.

23 (C) Twenty percent of any loan repayment shall be deducted  
24 from the loan repayment amount and shall be transferred to the  
25 Low and Moderate Income Housing Asset Fund, after all  
26 outstanding loans from the Low and Moderate Income Housing  
27 Fund for purposes of the Supplemental Educational Revenue  
28 Augmentation Fund have been paid.

29 (3) *It is the intent of the Legislature that the amendments to this*  
30 *subdivision made by the act adding this paragraph be clarifying.*

31 (c) (1) Bond proceeds derived from bonds issued on or before  
32 ~~December 31, 2010~~, June 28, 2011, shall be used for the purposes  
33 for which the bonds were sold.

34 (A) *Bond proceeds derived from bonds issued between January*  
35 *1, 2011, and June 28, 2011, shall only be used for projects which*  
36 *meet the following criteria, as determined by a resolution issued*  
37 *by the oversight board:*

38 (i) *The project shall be consistent with the applicable regional*  
39 *sustainable communities strategy or alternative planning strategy*  
40 *adopted pursuant to Section 65080 of the Government Code that*

1 the State Air Resources Board has determined would, if  
2 implemented, achieve the greenhouse gas emission reduction  
3 targets established by the board or, if a sustainable communities  
4 strategy is not required for a region by law, a regional  
5 transportation plan that includes programs and policies to reduce  
6 greenhouse gas emissions.

7 (ii) Two or more significant planning or implementation actions  
8 shall have occurred on or before December 31, 2010. The term  
9 “significant planning and implementation actions” means any of  
10 the following:

11 (I) An action approved by the governing body of the city, county,  
12 city and county, the board of the former redevelopment agency,  
13 or the planning commission directly related to the planning or  
14 implementation of the project.

15 (II) The project is included within an approved city, county, city  
16 and county, or redevelopment agency planning document,  
17 including, but not limited to, a redevelopment agency five-year  
18 implementation plan, capital improvement plan, master plan, or  
19 other planning document.

20 (III) The expenditure by the city, county, city and county, or  
21 project sponsor, of more than twenty-five thousand dollars  
22 (\$25,000) on planning related activities for the project within one  
23 fiscal year, or fifty thousand dollars (\$50,000) in total, over  
24 multiple fiscal years.

25 (iii) Documentation dated on or before December 31, 2010,  
26 shall be provided indicating the intention to finance all or a portion  
27 of the project with the future issuance of long-term debt, or  
28 documentation showing that the issuance of long-term  
29 redevelopment agency debt was being planned on or before  
30 December 31, 2010.

31 (iv) Each construction contract over one hundred thousand  
32 dollars (\$100,000) shall include a provision that prevailing wage  
33 will be paid by the contractor and all of that contractor’s  
34 subcontractors.

35 (v) For each construction contract over two hundred fifty  
36 thousand dollars (\$250,000), the successor agency shall require  
37 prospective contractors to submit a standardized questionnaire  
38 and financial statements as part of their bid package, to establish  
39 the contractor’s financial ability and experience in performing  
40 large construction projects.

1     (B) Any city, county, or city and county that funded an eligible  
2     project, meeting the criteria listed in clauses (i) to (iii), inclusive,  
3     of subparagraph (A) with funds other than redevelopment funds,  
4     between June 28, 2011, and the effective date of the act adding  
5     this paragraph, shall be eligible to be reimbursed utilizing 2011  
6     bond proceeds, if the project meets the purpose for which the bonds  
7     were issued.

8     (C) Any successor agency requesting the use of bond proceeds  
9     derived from bonds issued between January 1, 2011, and June 28,  
10    2011, in accordance with subparagraphs (A) and (B), shall place  
11    that request on its Recognized Obligation Payment Schedule. The  
12    successor agency shall place each project on a separate  
13    Recognized Obligation Payment Schedule line item. The successor  
14    agency shall detail in the resolution adopting the Recognized  
15    Obligation Payment Schedule how each project will meet the  
16    requirement in subparagraphs (A) and (B), and all documentation  
17    showing how the project meets those criteria shall be attached to  
18    the resolution. The resolution adopting the Recognized Obligation  
19    Payment Schedule, including the supporting documentation, shall  
20    be forwarded to the department for review and approval or denial.  
21    Pursuant to subdivision (h) of Section 34179, the department may  
22    review and deny any action by the oversight board.

23    (2) (A) Notwithstanding Section 34177.3 or any other  
24    conflicting provision of law, bond proceeds in excess of the  
25    amounts needed to satisfy approved enforceable obligations shall  
26    thereafter be expended in a manner consistent with the original  
27    bond covenants. Enforceable obligations may be satisfied by the  
28    creation of reserves for projects that are the subject of the  
29    enforceable obligation and that are consistent with the contractual  
30    obligations for those projects, or by expending funds to complete  
31    the projects. An expenditure made pursuant to this paragraph shall  
32    constitute the creation of excess bond proceeds obligations to be  
33    paid from the excess proceeds. Excess bond proceeds obligations  
34    shall be listed separately on the Recognized Obligation Payment  
35    Schedule submitted by the successor agency.

36    (B) If remaining bond proceeds cannot be spent in a manner  
37    consistent with the bond covenants pursuant to subparagraph (A),  
38    the proceeds shall be used to defease the bonds or to purchase  
39    those same outstanding bonds on the open market for cancellation.

(d) Notwithstanding subdivision (b) of Section 34163, if a successor agency has received a finding of completion, the successor agency may enter into, or amend existing, contracts and agreements, or otherwise administer projects in connection with enforceable obligations approved pursuant to subdivision (m) of Section 34177, including the substitution of private developer capital in a disposition and development agreement that has been deemed an enforceable obligation, if the contract, agreement, or project will not commit new property tax funds, and will not otherwise reduce property tax revenues or payments made pursuant to paragraph (4) of subdivision (a) of Section 34183 to the taxing agencies.

~~SEC. 10.~~

SEC. 9. Section 34191.5 of the Health and Safety Code is amended to read:

34191.5. (a) There is hereby established a Community Redevelopment Property Trust Fund, administered by the successor agency, to serve as the repository of the former redevelopment agency's real properties identified in subparagraph (C) of paragraph (5) of subdivision (c) of Section 34179.5.

(b) The successor agency shall prepare a long-range property management plan that addresses the disposition and use of the real properties of the former redevelopment agency. The report shall be submitted to the oversight board and the Department of Finance for approval no later than six months following the issuance to the successor agency of the finding of completion.

(c) The long-range property management plan shall do all of the following:

(1) Include an inventory of all properties in the trust. The inventory shall consist of all of the following information:

(A) The date of the acquisition of the property and the value of the property at that time, and an estimate of the current value of the property.

(B) The purpose for which the property was acquired.

(C) Parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan.

(D) An estimate of the current value of the parcel including, if available, any appraisal information.



1 (E) An estimate of any lease, rental, or any other revenues  
2 generated by the property, and a description of the contractual  
3 requirements for the disposition of those funds.

4 (F) The history of environmental contamination, including  
5 designation as a brownfield site, any related environmental studies,  
6 and history of any remediation efforts.

7 (G) A description of the property's potential for transit-oriented  
8 development and the advancement of the planning objectives of  
9 the successor agency.

10 (H) A brief history of previous development proposals and  
11 activity, including the rental or lease of property.

12 (2) Address the use or disposition of all of the properties in the  
13 trust. Permissible uses include the retention of the property for  
14 governmental use pursuant to subdivision (a) of Section 34181,  
15 the retention of the property for future development, the sale of  
16 the property, or the use of the property to fulfill an enforceable  
17 obligation. The plan shall separately identify and list properties in  
18 the trust dedicated to governmental use purposes and properties  
19 retained for purposes of fulfilling an enforceable obligation. With  
20 respect to the use or disposition of all other properties, all of the  
21 following shall apply:

22 (A) (i) If the plan directs the use or liquidation of the property  
23 for a project identified in an approved redevelopment plan, the  
24 property shall transfer to the city, county, or city and county.

25 (ii) For purposes of this subparagraph, the term "identified in  
26 an approved redevelopment plan" includes properties listed in a  
27 community plan or a five-year implementation plan.

28 (B) If the plan directs the liquidation of the property or the use  
29 of revenues generated from the property, such as lease or parking  
30 revenues, for any purpose other than to fulfill an enforceable  
31 obligation or other than that specified in subparagraph (A), the  
32 proceeds from the sale shall be distributed as property tax to the  
33 taxing entities.

34 (C) Property shall not be transferred to a successor agency, city,  
35 county, or city and county, unless the long-range property  
36 management plan has been approved by the oversight board and  
37 the Department of Finance.

38 (d) The department shall not require a compensation agreement  
39 or agreements as described in subdivision (f) of Section 34180 as  
40 part of the approval of a long-range property management plan.

1 (e) The department shall only consider whether the long-range  
2 property management plan makes a good faith effort to address  
3 the requirements set forth in subdivision (c).

4 (f) The department shall approve long-range property  
5 management plans as expeditiously as possible.

6 (g) Actions relating to the disposition of property after approval  
7 of a long-range property management plan shall not require review  
8 by the department.

9 *SEC. 10. Sections 4.5 and 4.7 of this bill incorporates*  
10 *amendments to Section 34177 of the Health and Safety Code*  
11 *proposed by both this bill and Assembly Bill 1582. Sections 4.5*  
12 *and 4.7 of this bill shall only become operative if (1) both bills are*  
13 *enacted and become effective on or before January 1, 2015, (2)*  
14 *each bill amends Section 34177 of the Health and Safety Code,*  
15 *and (3) this bill is enacted after Assembly Bill 1582, in which case*  
16 *Section 4 of this bill shall not become operative.*

17 *SEC. 11. Section 7.5 of this bill incorporates amendments to*  
18 *Section 34180 of the Health and Safety Code proposed by both*  
19 *this bill and Senate Bill 1404. It shall only become operative if (1)*  
20 *both bills are enacted and become effective on or before January*  
21 *1, 2015, (2) each bill amends Section 34180 of the Health and*  
22 *Safety Code, and (3) this bill is enacted after Senate Bill 1404, in*  
23 *which case Section 7 of this bill shall not become operative.*

24 *SEC. 12. Section 8.5 of this bill incorporates amendments to*  
25 *Section 34191.4 of the Health and Safety Code proposed by both*  
26 *this bill and Assembly Bill 2493. It shall only become operative if*  
27 *(1) both bills are enacted and become effective on or before*  
28 *January 1, 2015, (2) each bill amends Section 34191.4 of the*  
29 *Health and Safety Code, and (3) this bill is enacted after Assembly*  
30 *Bill 2493, in which case Section 8 of this bill shall not become*  
31 *operative.*